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8 May 1980

# South and East Asia Report

No. 891



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8 May 1980

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INTER-ASIAN AFFAIRS

PRO-GANDHI PAPER CALLS FOR IMPROVED RELATIONS WITH PRC

BK221113 Hong Kong AFP in English 0548 GMT 22 Apr 80 BK

[Text] New Delhi, 22 Apr (AFP)--Prime Minister Indira Gandhi's newspaper NATIONAL HERALD today strongly recommended improvement of relations between China and India and just fell short of saying that the two countries should follow the policy of forgive and forget and start afresh to become good friends.

The editorial comment by the HERALD has its significance as it generally reflects the thinking of the prime minister.

In a lead editorial, HERALD said "Mrs Gandhi's talks with the Chinese Foreign Minister Mr Huang Hua, in Salisbury are an indication that the attempt to normalize relations between the two countries is making some progress."

"The exchange of delegations and the negotiations for an agreement over airflights to China are signs that both countries are determined to normalize relations," the newspaper said.

"...All these events are of considerable significance, but the pace (for normalization) cannot be forced, the misunderstandings have to be cleared if relations are to become meaningful," the HERALD said.

"It should, however, be kept in mind that the rapid change in the strategic environment, particularly in Southwest Asia and the Gulf area, invests a diplomatic rapprochement with immense importance for both countries," HERALD said.

"It cannot be denied that China, a great power and neighbour of Afghanistan, has cause to be concerned with the political upheaval in that country.... India too has vital interest in that country (Afghanistan) as it has in the changes in the political balance in Southwest Asia and the growing superpower rivalry in the region. (As such) any improvement in relations will be of advantage to both countries, but could also lead to a lessening of tension in the region," the HERALD said.



Commenting on the issues that have marred all past efforts for improvement of relations between New Delhi and Beijing, HERALD said that "while the occupation of Indian territory by China should not be forgotten, it should not stand in the way of improving relations between the two countries."

This is a virtual endorsement of the Chinese stand on the border issue. The Chinese leaders, from time to time, have been urging India to keep aside the border dispute and become good friends first.

But the Indian leaders, including Mrs Gandhi, have so far held that normalization of relations was not possible unless China vacates the land it "occupied" during the 1962 war.

In an obvious reference to the implications the normalization of Sino-Indian relations will have on Moscow, HERALD said "Normalizing of relations with China, however, does not mean the neglect of old friends (Soviet Union). It should only mean that the hostility between India and China should not be taken for granted in the complex and evolving situation in Southwest Asia."

The pro-Moscow English daily PATRIOT also commented on Mrs Gandhi's meeting with Mr Huang and in an editorial today warned the Indian leaders of the "Chinese design" and said "Chinese leaders are smiling as broadly as Cheshire Cat (but) the lessons of history have to be kept in mind."

Meanwhile the new Indian ambassador to China, Mr K. S. Bajpai called on Mrs Gandhi last night.

The forthcoming visit of the Romanian foreign minister, Mr Stefan Andrei, to New Delhi beginning later this month is also viewed with importance for the role Romania has played as mediator for China.

CSO: 4220

PRC-INDONESIA RELATIONS REVIEWED

Jakarta PELITA in Indonesian 14 Mar 80 pp 1, 7

[Article: "Still Not Right Time for Normalization of Diplomatic Relations Between Indonesia and the PRC"]

[Excerpts] The wish of the government of the PRC to resume diplomatic relations with Indonesia, which have been broken since 1976, as stated by the Chinese Foreign Minister Huang Hua Tuesday [11 March] in Manila, received a cold reception in Parliament.

Two members of Parliament, Dr H Imron Rosjadi and H M Amin Iskandar, respectively, replying to that invitation, said that, "it is not yet time" for normalization of relations to be undertaken. According to them, there are still many foreign questions which are more important and more to the benefit of Indonesia and which need to have our prior attention.

According to Imron Rosjadi, the desire of the PRC to re-establish diplomatic relations with Indonesia is indeed serious. In his statement to PELITA yesterday [13 March] he said that we can read the seriousness of the effort in several approaches which have been undertaken by "sponsor countries" of the PRC, most of which were carried out unofficially.

He said that the condition of relations between Indonesia and the PRC, such as they are now, truly is more beneficial for the Indonesian position, in the middle of the arena of the struggle for influence of the large countries. "Let us not be dragged into such a field of conflict by reestablishing relations with China," he said. Because, Imron said, it would appear that China is now "held" by the bloc of Western countries.

According to Imron Rosjadi, in the case of Afghanistan, the parties which are truly in confrontation, in a formal juridical sense, are the Soviet Union versus the Conference of Islamic States, not the Soviet Union versus Europe. Meanwhile, Indonesia is among the countries of the Islamic Conference which are most acceptable and have the full support of the Conference.

Thus, in reality we can play an active role in making approaches to Moscow. "Up to now, those who approached Moscow, the U.S. and the European countries, are countries which are not acceptable, because they belong to a different camp."

He said that, as a member of the Islamic Conference, it would be best for Indonesia to step forward, playing an active role in the name of the Conference. "Because, in fact, following up on results of the Conference in Islamabad has also become our responsibility," he said.

H M Amin Iskandar, in his statement to the press at the Senayan council building on Thursday [13 March], said that it was not yet time to reopen diplomatic relations between Indonesia and the PRC. Amin said that world developments recently show the activity of the Soviet Union in broadening its area of influence in parts of the world which it regards as weak, including Indonesia in this respect.

Meanwhile, Indonesia is trying, with all its force, to achieve a political solution without facing up to the Soviet Union in a confrontational sense. The opening of a PRC Embassy in Indonesia will drag us (Indonesia) into one "camp" which is in confrontation with the Soviet Union and which will drive a resolution of the Indochinese question farther off.

If the PRC wants to have a confrontation with the Soviet Union, let them do it. Do not let the small powers always be the victims of the conflicts between the large countries, Amin Iskandar said.

Besides that, he said he would like to draw attention to the fact that there are still many questions which must be resolved by Indonesia itself before it takes steps to re-establish diplomatic relations with the PRC.

In this connection, he agreed with what was said by the Chairman of Parliament, Daryatmo. As is known, the chairman of parliament, Darvatmo, also drew attention in this connection to the view that the normalization of diplomatic relations between Indonesia and the PRC should not damage Indonesia. However, the chairman of parliament pointed to three questions which need to be prepared as carefully as possible by the Indonesian Government, should it wish to normalize diplomatic relations with the PRC. The three questions, said Daryatmo, are: the citizenship of the Chinese in Indonesia, the matter of economic regulations, and the Chinese who illegally enter Indonesia (black immigrants).

In another part of his statement Amin Iskandar opposed the view of former U.S. Undersecretary of State Christopher van Hollen, in the magazine FOREIGN POLICY recently, that helping the guerrillas in Afghanistan with weapons would ensure that the Soviet Union will continue to stay in that country and open up a broader possibility of Soviet intervention in Pakistan.

The view of the former U.S. Undersecretary, Amin said, once again shows how out of touch are the opinions of Americans regarding the problems of the Middle East and the surrounding area, including Afghanistan, Iran, and Israel. As a result, he said, they are always making missteps which ultimately are beneficial to the position of the Soviet Union.

He expressed the view that especially at this time, the U.S. must show that it is truly fighting for the right of self-determination of the people, particularly in Afghanistan, by whatever available route.

He said that the U.S. is not only urging others to fight against the Soviet Union, while itself remaining as a mere observer, but it is only willing to act if its direct interests are threatened, such as the supply of oil from the Arab Gulf [as published; same as Persian Gulf] or the security of Israel.

If the attitude and view of the former U.S. Undersecretary are allowed to become the policy of the Government of the U.S., then certainly the actions of the Soviet Union will hamper other countries. This is an old objective of the Soviet Union, and has always been the basis of the policy of the Soviet Union, according to Amin Iskandar.

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CSO: 4213

**MALAYSIA-NORTH KOREA RATIFY TRADE AGREEMENT**

Kuala Lumpur BUSINESS TIMES in English 22 Feb 80 p 20

[Text]

**MALAYSIA** and North Korea yesterday ratified a trade agreement at the Ministry of Foreign Affairs in Kuala Lumpur.

The ratification will put into effect the trade agreement that was signed by Deputy Prime Minister Datuk Seri Dr Mahathir Mohamad and his North Korean counterpart, Mr Kung Jin Tae, in Pyongyang last year.

The secretary-general of the Foreign Ministry, Tan Sri Zakaria Ali, signed the exchange of documents of ratification for Malaysia while the North Korean ambassador to Malaysia, Mr Ho Kyong, signed for his country.

After the signing ceremony, Tan Sri Zakaria said the agreement reflected the desire of the two countries for mutual benefit.

Relations between the two countries are based on the principle of mutual respect for territorial integrity and non-interference in each other's internal affairs, which is in line with the principles of non-alignment and the United Nations charter, he said.

Tan Sri Zakaria was

confident that the good relations based on these principles would guide the implementation of the agreement.

He also called for joint effort by the two countries to achieve benefits from the agreement.

The North Korean ambassador, Mr Kyong, in his speech said that his government wanted to promote trade with Malaysia.

The agreement would pave the way for greater trade between the two countries, he added.

Under the agreement, North Korea has listed 49 export items, including various types of machinery, steel, textiles, fertilisers, cement, grains and silk.

Malaysia has offered 48 items for export, including wood and rubber products, marine products, beverages, furniture, pewterware, electrical equipment, handicraft, timber and palm oil.

The agreement also provides "most favoured nation" treatment for each other and allows for the holding of trade exhibitions in their countries and easier Customs procedures. — Bernama

# PRESIDENT ADVOCATES EDUCATION BASED ON ISLAM

(Dacca) THE BANGLADESH OBSERVER in English 23 Mar 80 pp 1, 16

[Cont.]

President Ziaur Rahman on Saturday stressed the need for introducing a system of education in which the basic principles and ideals of Islam and the Prophet (SM) would be preserved and enshrined.

Such system, he observed, would enable the Muslims to acquire scientific and technological knowledge for improving their productive capacity.

Inaugurating a three-day international conference on 'Education and Culture in the Muslim World' at a local hotel, the President urged the scholars to evolve an ideal system of education and culture that would put the genius of a nation having fundamental unity on the basis of Islamic ideology. He said that it was neither necessary nor advisable to insist on strict conformity to a single system of culture and education everywhere because variation in customs, habits, traditions and environment would necessitate changes in detail to suit local conditions.

Jointly organised by the Bangladesh Islamic Foundation and King Abdul Aziz University of Saudi Arabia, the conference was addressed by Mr. Shamsul Huda Chowdhury, Minister for Sports, Culture and Religious Affairs. Dr. Bahzadullah, Dean, Student Affairs, King Abdul Aziz University and Secretary-General of World Assembly of Muslim

Youth and Mr. Siddiqur Rahman, Secretary, Ministry of Culture, Sports and Religious Affairs.

Recalling the contributions of Islam towards human culture and civilization, President Ziaur Rahman said that Muslim scholars contributed significantly to science and medicine and promotion of peace. He said that education and culture are closely inter-related and many nations suffered as they failed to develop the education system.

The President regretted that education and culture in the Muslim World gradually lost its vitality and ceased to be dynamic, progressive and forward-looking.

It is a pity, he observed, the Muslims were sorely deficient today in science and technology while the western countries were at the peak of progress in these fields.

Though the western countries had made remarkable progress in the field of science and technology, their materialistic approach in the field of education had left a wide gap in values. However, the beneficial effects of western education and permissive social system in the west made

West had made even the great leaders of thought in those countries to be skeptic about the future of their own culture. He was happy to note

that of late there had been an awakening of consciousness among the Muslims to uphold the Islamic heritage of education and culture.

President Ziaur Rahman said that the industrialised countries had indulged in wasteful arms race and war like activities. A correct education system he added could make these countries compete with one another for the service of humanity through proper utilisation of their advanced knowledge of science and technology.

The President said that for strengthening the bond of ideological and spiritual oneness, the affluent Muslim countries should come forward to help the less fortunate Muslim brethren. He referred to the mass literacy programme now being implemented in the country and said "we have to set our own house in order and then launch the campaign for transmitting the Islamic concept of education and culture among others."

In his address of welcome, the Minister for Sports Culture and Religious Affairs Mr. Shamsul Huda Chowdhury said that Islam was the main spring of cultural and spiritual propriety in Bangladesh, and the teachings of the Holy Quran and the Prophet sound and resound in every nook and corner of the country.

The Religious Affairs Min's.

ter said that it was true that due to geographical and historical reasons various nations have their own cultural traditions and characteristics but, he further added, Islam provides the basis of a unity amongst all Muslims through the inculcation of the ideals and values of our faith. This spirit of 'unity in diversity' would be utilised to the fullest possible extent to promote solidarity amongst the Muslims all over the world he hoped.

Dr. Bahafullah who represented Dr. Abdullah Ganes Nasir, President King Abdul Aziz University Jeddah, Saudi Arabia in his speech said that Bangladesh was now playing a vital role in the Muslim World. Wishing the success of the conference he said that Muslim scholars should devise a way to preserve and develop Muslim culture through education.

About 30 international and local scholars are now participating in the three day conference on 'Education and Culture in the Muslim World'.



PRESIDENT ADDRESSES FIRST NATIONAL COOPERATIVE PARLEY

Dacca THE BANGLADESH OBSERVER in English 23 Mar 80 pp 1, 16

[Text] President Ziaur Rahman on Saturday called for applying the life force of Bangladeshi nationalism to cooperative movement to lead the country towards progress and prosperity, reports BSS.

Inaugurating the first National Cooperative Conference at the Shilpakala Academy, the President said that the cooperative movement was a way out for the people to make up the setback suffered during the 200 years of foreign rule and to lead the country towards greater prosperity.

He maintained that the people had already accepted Bangladeshi nationalism as the basis of "our politics and economic progress" and said that the people had already rejected foreign "isms" because these "isms" meant exploitation and oppression.

President Zia declared amid clappings and slogans that nation-wide production oriented programmes should be taken for implementation on the basis of co-operative to make a strong Bangladesh.

He said that nothing was impossible in this world if there were will force and planning. In this connection the President said that only in two months' time the organisers had made the Conference a success.

President Ziaur Rahman said that the path we are following now was not correct. We shall have to proceed through the basis of cooperatives he stressed.

The President explained that the people of Bangladesh had been exploited and oppressed for ages directed wrongly and were kept weak for which he added, we had lost our will force.

President Zia said we shall have to regenerate our will force and energy. We shall have to create love and inspiration and develop unity and only then we would be able to give solution to all our problems.

The inaugural session was also addressed among others by Prof. A.Q.M. Badruddoza Chowdhury, Secretary General of Bangladesh Nationalist Party,

Capt (Retd) Abdul Halim Choudhury, Minister for Local Government Rural Development and Cooperatives; Begum Nurjahan Kamal, President Bangladesh Mahila Samahaya Samity and Mr Ali Hossain, President (words indistinct).

President Zia said that some people in the country are in the habit of talking about foreign "isms" but he added that foreign "isms" never helped the nation.

Explaining the Bangladeshi nationalism President Zia said it was localism which meant talking about our people, language, culture, agriculture, peasants, workers, fishermen, weavers, our soil and our generation as a whole.

At this stage of his speech the audience voiced in favour of Bangladesh nationalism by raising their hands and making fullthroated slogans.

President Zia said that cooperative was Revolution and Revolution was cooperative through which the nation could achieve tremendous success and development within the shortest possible time.

President Zia recalled his launching of a peaceful Revolution for economic emancipation in the country. He said Revolution through arms would destroy the country. Armed Revolution cannot develop love and feelings in man for man. Those who talk about Revolution through arms can never be friend of the people, the President added.

President Zia outlining his first phase of the peaceful Revolution--canal digging said when it was launched two months before many people and some newspapers criticised but now you have seen people with spade in their hands had dug a huge number of canals throughout the country.

At the initial stage seventy canal digging projects were taken up but now it reached 160.

He said with the extended irrigation facilities, cultivation of 40 lakh tons of wheat would be possible within the next few years, which he added, would help attain self-sufficiency in food.

He said that as Bangladesh soil was highly fertile in the world, agriculture production could be doubled.

President Zia said that the government had a programme of cultivating wheat during the winter season and added 110 lakh tons of wheat could be produced annually in the country. Out of this 70 to 80 lakh tons can be exported he added.

He also said that cultivation of three crops a year including one wheat and one rice must be ensured in the country to double the existing total agricultural production.

Turning to the population boom in the country the President asked the people to be contented with two children--boy or girl.

Stressing on the rural-based development President Zia said efforts must be made to provide jobs to each and every people in all the sixty-eight thousand villages in the country and added this can be done only through co-operatives.

He said construction of a few buildings in the city areas alone did not mean national development and added the village should be the centre of national development activities.

President Zia also urged the womenfolk who represent 50 per cent of the total population work in the past to engage themselves in different activities to come shoulder to shoulder with their male partners to participate in development work.

In this connection he said women could supplement their family income through participating cottage industry, vegetable gardening and poultry farming.

At this stage one borka-clad woman delegate came to the dais and assured the President on behalf of the women of total cooperation and participation in the economic programmes launched by the President.

The President explained the mass literacy programme, the second phase of his peaceful Revolution and urged the cooperators to put in their mite to make the programme a success.

Describing the different aspects of cooperative movement the President called upon the people to organise village cooperative, children cooperative, women cooperative and youth cooperative in all the sixty-eight thousand villages of the country. He told the conference that very soon all the villages would be covered with cooperatives banks to support the cooperative movement.

The President observed that the cooperative movement would bring cohesion in the people and would thus help consolidate the national independence and sovereignty. He urged the people to make the cooperative movement a success with the same zeal and spirit that they had shown during the War of Liberation.

He also asked the people to help in rounding up the possessors of unauthorised arms, combatting corruption and eliminating middlemen and agents.

Prof. A.I.M. Badruddoza Chowdhury, addressing the conference, said that cooperative was the future of Bangladesh.

He said that cooperative was the best way for channelising and mobilising the total man power towards optimum production and fair distribution.

The Secretary General of the BNP said that we must accept the fact that we have poor health, inadequate shelter and education in the country and keeping these problems in mind, the nation shall have to be moved forward.

He said that President Zia had launched his peaceful Revolution just to overcome these problems within the shortest possible time.

Prof. Choudhury said that the Government of Ziaur Rahman wanted to achieve a society where everybody would be assured of basic necessities like food, shelter, clothing, education and medicare.

He said that co-operative movement could be the way out to attain such a society and added that two crore youth and 3.5 crore women and peasants, and workers, should form the nucleus of a successful cooperative movement here.

Capt. (Retd) Abdul Halim Choudhury in his speech said that the conference was of highly importance in the national perspective. Outlining the success of the cooperative movement he said that the youth complex cooperative societies had achieved tremendous success even in the face of opposition.

The conference includes an exhibition of products. The exhibition was participated by Samabaya Samities, Comilla Cooperative Factory Ltd. Bangladesh Jatiya Samabaya's Samity Ltd., Bangladesh Samabaya Marketing Societies Ltd., Bangladesh Jatiya Mahila Samabaya Samity, IRDP Woman Programme Project, Milk Vita Co-operative Societies and Bangladesh Handicraft Co-operative Federation Ltd.

CSO: 4220

## CPI(M) PLANS BROAD-BASED ANTI-CONGRESS(I) MOVEMENT

Calcutta THE STATESMAN in English 24 Mar 80 p 1

[Text]

## By Our Special Representative

**A**PPREHENDING increasing interference by the Centre in the affairs of the West Bengal Government, the CPI(M) wants to build up broad-based movement in support of the federal structure of the Constitution, which guarantees the rights of the States. Besides the Left Front parties and its new ally, the CPI, the CPI(M) is likely to seek the cooperation of the West Bengal Janata Party and the Congress (U).

The CPI(M) would not mind if the initiative for the movement is taken by the People's Committee for Civil Liberties which is headed by Mr P. C. Sen even though the Janata Party leader is known for his staunch anti-CPI(M) attitude. The committee was a product of the Emergency. Mr V. M. Tarkunde, who is also associated with the central unit of the committee, would be approached for participating in a convention which would mark the first stage of the movement.

The question before the CPI(M) at present is how many parties should be approached for joining the anti-Congress (I) movement, while the CPI is in favour of the "broadest possible unity" among the "anti-authoritarian forces" and had suggested that the Socialist Unity Centre be invited to the con-

vention, the CPI(M) has turned down this proposal.

The CPI(M) leaders have pointed out that they would have "no truck" with the SUC. In their view, the SUC was even more "disruptive" and anti-CPI(M) in its attitude than even the Congress (I). This had become evident by its activities both inside and outside the State Assembly, where it has constantly maligned the Left Front Government.

Complications might also arise with regard to the inclusion of the CPI(M-L) in the proposed movement. The CPI(M) is not very keen about its inclusion. There are differences on this issue in the CPI(M-L) itself. While the group led by the former general secretary, Mr Satyanarain Singh, is in favour of participating in a movement along with the CPI(M) against any move to topple the Left Front Government, the other group led by the present general secretary, Mr Chandra Pulla Reddy, wants to keep quiet.

The CPI(M) leaders have no doubt that the federal structure of the Constitution is in danger. They feel that the Centre intended to concentrate more power in its hands. They point out that the Kerala unit of the Congress (I) had floated a proposal that law and

order be made a concurrent subject.

The CPI(M) leaders point out that the attitude of Mr Morarji Desai was in marked contrast to the present attitude of the Central Government. Whenever Mr Desai received any complaint about the law and order situation in West Bengal even from his own partisans, he always made it clear that he would not say anything on the matter since law and order was a State subject and it was for the Chief Minister of that State to look into the complaints.

Mrs Gandhi's Government, however, has written several letters to Mr Jyoti Basu about the "deteriorating" law and order situation. In reply, Mr Basu has stated that he wanted to bring it to Mrs Gandhi's notice that "a section of the Congress (I) in West Bengal, being in a hurry to have our Government dismissed, are making desperate efforts to disturb the peace and create a law and order problem so as to lay the blame for any violence that they indulge in on the CPI(M). They are describing as political even ordinary crimes and are claiming anti-social elements as their supporters. Their design is to flood the Centre with complaints about the breakdown of law and order in West Bengal and call for Central intervention".

## NEW AUSTRALIAN HIGH COMMISSIONER PRESENTS PAPERS

Madras THE HINDU in English 26 Mar 80 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, March 25

The new Australian High Commissioner to India, Mr. Gordon Upton, today gave a wider dimension to the concept of regional cooperation by stressing the need for broad-based solutions to international problems.

While presenting his credentials to the President at a colourful ceremony at Rashtrapati Bhavan, Mr. Upton made an indirect reference to the recent developments in Kampuchea and Afghanistan to propagate this theme.

After referring to the fruitful cooperation between India and Australia in several spheres, he said "We share a mutual concern about recent developments in the region. I am confident India and Australia can work together to help seek solutions to these problems which are acceptable to other countries of the region, to the international community in general, and above all to the people of the countries most concerned".

The President, Mr. Sanjiva Reddi, echoed the sentiment by emphasising that the Asian and Pacific areas had a shared interest in the stability and peace of this vast region. The peoples of India and Australia, he added, had a common responsibility in not only removing the causes of the present tensions but also in ensuring that these conflicts are not further sharpened by great power antagonisms.

The routine observations of the President and the Australian envoy on this occasion acquired some special significance since the two countries are equally interested in promoting the new Australasian concept of interdependence, cutting across racial barriers in an area that has over the years assumed considerable strategic importance.

A feature of Indo-Australian bilateral relationship has been that, in spite of their different racial backgrounds and differing political perceptions, the two countries have found it possible to establish close links and work together for the common good of this vast region.

It is this aspect of Indo-Australian relationship that has enabled different Governments in the two countries to adhere to the policy of building up close bilateral links without prejudice to their national positions. They have been exerting their moderating influence within the Commonwealth by focussing attention on the positive aspects of its multi-racialism.



## ASSAM AGITATION EXPECTED TO SPREAD THROUGH NORTHEAST

Madras THE HINDU in English 23 Mar 80 p 1

[Text] From Our Special Correspondent

## GAUHATI, March 22.

The Assam agitation is showing every sign of entering a new phase in which the movement for expulsion of foreigners could turn into a coordinated one, encompassing the entire north-east. At the same time there is an almost sudden ray of hope that the Assam students might be more flexible in their stand to help defuse the crisis.

The danger signs are: First, a conference of all northeastern students' unions is to take place at Dibrugarh on Tuesday. It will discuss the problems of the region and the influx problem in particular, to better coordinate their separate movements. The conference will be attended by all major students unions from the States in the region and also by some politically-inclined student and youth bodies like the Tripura Upajati Juba which has four members in the Assembly. Secondly, the All-Assam Students' Union and the Gana Sangram Parishad have announced their new programme of agitation from March 28 when there will be a 12-hour Assam bandh. The picketing at oil installations will, of course, continue.

The third dangerous sign is the sullenness with which the Assam agitation leaders have taken the Congress(I) movement in Bengal (The agitation has now been suspended). They are deeply suspicious that the Congress(I) High Command has accorded its tacit approval to the Bengal movement and they are saying that Assam has enough rice around to keep up the morale of the people to beat any blockade that may be set up in north Bengal.

The ray of hope was held out by Mr. Bhriku Phukan, secretary of the AASU, in a talk with this correspondent on Friday. In the course of the discussions that your correspondent had with the Assam leaders in the last few days a compromise proposal for solving the crisis was suggested to them.

The crux of the deadlock between the Assam leaders and the Central Government

appeared to be the two dates for the cut off point for categorising a foreigner—1951 as suggested by Assam and 1971 as offered by Mrs. Indira Gandhi. But could this entire period of controversy from 1951 down to 1980 and the future be broken up into three phases?

Would the AASU agree, in a gesture of conciliation, to accept Mrs. Gandhi's proposal for 1971 as the cut off point for the time being and allow the Government machinery to detect infiltrators and arrange for their deportation?

For investigating the issues involved in the first phase from 1951 to 1971 and for devising the machinery and procedure for detection, a national level joint committee could be formed which would include members from Assam as well as Central representatives. For the 1980 and beyond period, which would really be a matter of better policing at the borders to prevent all infiltration, the Centre should urgently take up the matter at a high level with Bangladesh and also arrange to strengthen its own border policing.

Mr. Phukan, asked to comment on the proposal, said "We would be happy to consider such a proposal but it has to come from the Government side. We will not reject it out of hand".

Meanwhile other attempts are going on to bridge the gap between the Centre's line of thinking and that of the Assam agitators.

Mr. Jatin Goswami, convener of the Gana Sangram Parishad told THE HINDU that he had received a telegram from the former Chief Minister, Mr. Jogen Hazarika now in Delhi saying that he was trying to negotiate with the Centre on a compromise, with 1961 as the cut off point.

Mr. Goswami did not want to comment on what the reaction of his comrades was likely to be to such a proposal.

Mr. Goswami said some political parties and organisations like the Amra Bangali, actively encouraged by the Anand Marg, were trying to foment trouble in the north-east. He termed the Assam agitation, non-violent and Gandhian — only interested parties were trying to give it a bad name. He reiterated the parishad's demand for an inner-line permit system for visitors to Assam on the lines of what exists in States like Nagaland and Mizoram.



## RESERVE BANK HEAD SAYS CREDIT RESTRAINTS TO CONTINUE

Madras THE HINDU in English 26 Mar 80 p 1

[Text]

BOMBAY, March 25.

The Reserve Bank Governor, Dr. J. G. Patel, told the chief executives of major banks to day that there was no justification for any relaxation in the credit policy.

The RBI Governor was reviewing the current economic and monetary situation and the outlook for the next few months at a meeting here.

He also discussed with the executives the monetary policy in the coming months and the follow-up action necessary to implement the decisions taken at the meeting of the Union Finance Minister with the chief executives of public sector banks in New Delhi early this month. The Delhi meeting was in favour of raising the priority sector advances from the present 33-1/3 per cent to 40 per cent over the next five years and active participation of banks in the implementation of the 20-point programme.

Dr. Patel referred to the continuing inflationary pressures, the stagnation in industrial output during the last year, the uncertain prospects regarding agricultural production and an expected deterioration in the external payments position. In such a situation the pace of expansion of money supply and bank credit would necessarily have to be held in check, he felt.

Dr. Patel indicated the following credit guidelines to the banks:

Net non food credit expansion of banks (exclusive of bills rediscounted with RBI, but inclusive of participation certificates) during the 15-month period from March end 1979 to June end 1980 should not exceed the expansion in the corresponding previous period in absolute terms.

The reserve requirements of banks i.e. cash reserve ratio of 6 per cent, impounding of incremental deposits of 10 per cent and statutory liquidity ratio of 24

per cent would continue unchanged.

The present restrictions on the effective drawing power under the limits for cash credits and inland bills of over Rs. 25 lakhs would also continue till the end of June 1980. Banks should undertake an annual review of each of such cash credit accounts. Certain procedural changes in this respect would, however, be communicated to banks separately.

Under the RBI's refinance facilities, the base for the small farmers' window will remain unchanged. With effect from the last Friday of April 1980, the base for food and export refinance would be altered. In the case of food refinance the base would be raised from Rs. 2,000 crores to Rs. 2,200 crores, but the proportion of refinance would be maintained at 50 per cent. Export refinance would be based on the increase in export credit over the monthly average for 1978, instead of the monthly average for 1977 as at present. The proportion of refinance would remain at 50 per cent.

The RBI Governor recalling the decisions taken at the March 8, meeting mentioned that a working group had already commenced its deliberations to work out the modalities for implementing them.

He pointed out that the 20-point programme had two distinct objectives. The first was to improve the economic well-being of the weaker sections of the community with a view to reducing economic inequalities and the second was to ensure efficient production and distribution of essential commodities.

It would need to be ensured that even within the priority sector advances, increasing attention was paid to the credit needs of the under-privileged sections of society, most of which had been identified in the 20-point programme. He emphasised that the successful implementation of these decisions would require the close and continuing attention of the top management of the banks.

## DELHI SEMINAR DISCUSSES STATUTORY BONUSES

New Delhi THE PATRIOT In English 23 Mar 80 p 5

[Text]

**Our Special Correspondent**

**I**N the context of the current Bonus Act, payment of bonus at the minimum level is compulsory and therefore may be deemed as deferred wage, but beyond the minimum it has to be linked to some indicator of performance. However, profit is hardly a viable basis for determining the quantum of bonus.

These observations were made in report of the National Tripartite Seminar on Linking Bonus with Productivity, held in the Capital from 20 to 22 March. The report was that of one of the concurrent sessions in the seminar dealing exclusively with the private sector.

Another report of the concurrent session related to the functions of the public sector was, however, on a different note. That report — embodying a general consensus in the sphere of public sector — felt that payment of minimum bonus as a statutory provision, that is, the Payment of Bonus Act "cannot be strictly considered as deferred wage". At the same time, it grudgingly conceded that over the years through custom and practice "a lumpsum payment at a certain stipulated period in a year, generally associated with a festival, has come to stay."

This report too was against profit-based bonus in public sector concerns since this was not effective in view of the public sector undertakings' very heavy capital investments, long gestation periods, administered prices and obligation to subserve well-established social and economic objectives.

Hence, the public sector session's report pleaded for such undertakings to "take recourse to productivity-linked bonus payments so that increases in production and productivity are taken note of and rewarded."

The minimum statutory bonus, according to the more concrete report of the session covering private sector enterprises, may be kept at the present level of 8.33 per cent.

It recommended that 13 months pay for 12 months' work may be the minimum payable and not subjected to further increase.

It also pressed for retention of maximum statutory bonus at 20 per cent at present, but alongwith that incorporated one view expressed at the seminar in this connection: "since no maximum is prescribed for wages, and bonus is part of wages, no maximum need to be prescribed, it could be left to negotiations."

Significantly the report was quite sympathetic to trade union concerns. It considered it necessary to involve unions through appropriate exchange of information, but it also felt that "unions would have difficulties in accepting any programme which involved loss of earnings and loss of job to workers as a result of productivity," the added difficulty being acceptance of any scheme involving any one of those losses "under conditions of competitive unionism."

The report underscored that unions "could be encouraged to get involved in determining productivity promoting programmes". For this purpose, it stressed the "need to commit corporate resources to professionalise the union cadre" — something of unique importance.

Productivity linked bonus, as far as possible "should be in lieu of and not in addition to," it added. In all cases of disputes in this sphere, the matter was to be referred compulsorily to voluntary arbitration, the report pointed out.

Calling for acceptance of 13 months' pay for 12 months' work as a statutory obligation, it felt that the entire question of additional payments should be sorted out within the framework of wage negotiation, including wage incentives, and thus avoid the annual battles on bonus.

In the public sector report, it was felt that there should not be any ceiling in terms of coverage or notional payment of bonus, since no section of employees should be left uncovered as that would have an adverse effect on increasing production and productivity.

The report said that the management had to take the initiative for evolving a productivity linked bonus scheme.

## GANDHI NAMES FIVE-MAN PANEL ON NORTHEAST REGION

Calcutta THE SUNDAY STATESMAN in English 23 Mar 80 p 1

[Text]

**From Our Special Representative**  
 NEW Delhi, March 22.—Mrs Gandhi today named a committee of Ministers to study schemes for the development of the north-eastern region.

Mr Yogendra Mukwana, Union Minister of State for Home Affairs, is the convener of the committee. Its other members are: Mr Charanjit Chandra, Minister of State for Industrial Development, Mr Jagannath Pahadia, Minister of State for Finance, Mr C. P. N. Singh, Minister of State for Planning and Mr K. G. Swaminathan, Minister of State for Agriculture. Other ministers may be co-opted depending on the subject discussed by the panel.

The committee is on the same pattern which was set up for Kashmir sometime ago, and is entrusted with the task of making decisions on the spot, so that proposals and schemes for development are sanctioned immediately

and their implementation is not delayed.

The suggestion emerged at an all-party meeting convened recently by the Prime Minister to resolve the foreigners' issue in Assam. It was felt that if speedy development was brought about in the area, the grievances of the Assamese people might disappear.

The Prime Minister has approved the setting up of a panel of officers to help the Ministers' committee. It will be headed by an additional secretary in the Ministry of Home Affairs, and a joint secretary each from the Ministries of Finance, Planning, Agriculture and Industrial Development. A joint secretary from the Prime Minister's office will be inducted into the panel.

Existing laws would be enforced strictly and fresh legislative measures, if necessary, would be considered to preserve the tribal identity of Meghalaya, adds UNI

CSO: 4220

## ORISSA GOVERNMENT ADVISER TELLS OF SCARCITIES

Bombay THE TIMES OF INDIA in English 23 Mar 80 p 1

[Text]

By Our Staff Correspondent

BHUBANESWAR, March 22.

**T**HE adviser to the Orissa governor, Mr. K. S. Raghupathi, has told newsmen that the Centre had agreed to rush 20,000 tonnes of wheat to Orissa next week and thereafter raise the monthly supplies of foodgrains to the state to 75,000 tonnes.

The present stock of 72,000 tonnes was felt to be inadequate considering the outtake through the public distribution system and requirements of the "food-for-work" programme, which had together risen to 55,000 tonnes a month.

Mr. Raghupathi said the inflow of kerosene (30,000 kilolitres) and diesel (61,000 kilolitres) during the past six months compared favourably with the supplies received by the state during the corresponding period of 1978-79. Yet there was acute scarcity of these items during the last few months.

Many factors had contributed to the climate of scarcity. With the in-

creased supplies promised by the Centre, he hoped the state's requirements would be met in the coming months.

The state advisory council, which held its first meeting yesterday, has decided to adopt the village instead of the gram panchayat as a unit for declaring an area as drought-affected following the assessment made after a crop cutting survey about the damage done to the last kharif crop.

Areas which suffered a crop damage of more than 50 per cent on the basis of estimates had been earlier declared as drought-affected.

As a result of the council's latest decision, more villages are likely to be categorised as being drought-affected which would make them eligible to various concessions.

The council has also decided to count urban areas surrounded by drought-affected villages as drought-stricken for the limited purpose of undertaking measures for the supply of drinking water.

CSO: 4220

## GOVERNMENT DECIDES AGAINST EXPORTING SUGAR IN 1980

Madras THE HINDU in English 24 Mar 80 p 9

[Text]

MADRAS, March 23

The Government of India has decided not to allow export of sugar this year in view of the high price for the commodity prevailing in the country.

The Minister for Commerce and Civil Supplies, Mr. Pranab Kumar Mukherjee told The Hindu at the airport today that the State Trading Corporation had been instructed not to enter into fresh commitments for supply of sugar to other countries though the international price might be advantageous.

The Minister arrived here from Delhi on a day's visit to the city. In the afternoon he left for Tirupatt.

Mr. Mukherjee, who also addressed a news conference at Raj Bhavan, spoke of the "unnecessary panic" created regarding the availability of sugar and the Centre's concern over the high price.

He said while the Janata Government announced the dual pricing policy for sugar in December last it did not give enough thought to the mechanism of distribution of levy sugar to the consumers. Due to transport bottlenecks, every State did not get its allotted quota of sugar in time and that had led to an artificial scarcity.

Though the production might be a little less compared to last year, with a carry over stock of about 8 lakh tonnes there would be an overall availability of 20 lakh tonnes in the country this year, he said, and assured, there was no shortage of sugar as was made out in some quarters.

## WAGON ALLOTMENT

Mr. Mukherjee explained the steps taken to remove transport bottlenecks and said the Cabinet committee which had been set up

to monitor wagon movement, was meeting almost every week and regulating the allotment of wagons to meet the demands for transporting essential commodities like foodgrains, sugar, kerosene and diesel. At present the railways moved about 8 lakh tonnes of sugar a month.

The Minister, however, regretted that except in States like Tamil Nadu, West Bengal, Kerala and Maharashtra, the public distribution system—important for controlling prices of essential commodities—had not developed in the country.

At a meeting the Union Minister had with State Civil Supplies Ministers recently, he had stressed the need to build up an effective distribution network throughout the country as early as possible. Unless such a facility was created, he pointed out, even if transport bottlenecks were removed the commodities would only lie at the State headquarters and not reach the consumers.

He expressed the hope that once the public distribution system was perfected and the entire levy sugar of 65 per cent of the production was sold to consumers at the control price the free sugar price in the market would come down.

As one of the short-term strategies the Centre had instructed the States to strengthen anti hoarding measures by enforcing the provisions of the various pieces of legislation including the Preventive Detention Act. In some States like Orissa, Karnataka, Maharashtra, Uttar Pradesh and Delhi action had already been initiated under the PD Act.

In reply to a question, he said he did not rule out the possibility of sugar being smuggled out of

India due to the prevailing high price in the international market. But the Union Finance Ministry was seized of the matter and adequate steps were being taken to stop the outflow of sugar from the country.

## EXPORT RULED OUT

He said, the long-term solution lay in augmenting production to bridge the gap between demand and supply. To this end, the Government had decided that new capacities would be created by either expanding the existing capacities or by permitting new factories to be established. It would also see that the cane growers were assured of a firm market and got a reasonable price for their produce at any point of time.

In respect of edible oil and cement the Government would meet the demand by importing a part of the requirement. The same could not be done in respect of sugar as the price of the commodity in the world market had gone up three times during the last one year and if sugar was to be imported the Government

had to give heavy subsidy, he said.

When his attention was drawn to the manufacturers not complying with the rules regarding marking of price and date of manufacture in respect of consumer articles the Minister said the State Governments should enforce those provisions rigorously.

Mr. Mukherjee agreed that the prices of most commodities were going up and the Government had not been able to reverse the trend which set in during the last year. But he hoped that the strategy being adopted by the new Government would yield some result on the price front soon.

## 1976 LAND ACT REPORTEDLY FAILS TO ACCOMPLISH AIMS

Bombay: THE TIMES OF INDIA in English 23 Mar 80 p 9

[Text]

By Our Special Correspondent  
NEW DELHI, March 22.

**A** WORKSHOP on the urban land (ceiling and regulation) act, 1976, organised by the Federation of Indian Chambers of Commerce and Industry, has concluded that the act has brought about state control over all urban land while it was intended to control only excess vacant land.

It was felt that the act had caused avoidance difficulties, particularly to middle class people, owing to the break in construction activity and increased costs.

It was suggested that the owners might be allowed the option to construct on 50 per cent of the land according to their choice, leaving the rest for construction for weaker section of the community.

Exemption should be automatic where land was allotted by local and statutory bodies or where the land was used in compliance with their building regulations.

Industrial units holding excess vacant land for the purpose of their industrial activity and expansion should be altogether exempted from the purview of the act.

The act provides in section 4 (3) that one person can own only one dwelling unit in a group house building. The restriction of owning one dwelling unit should be done away with at least in the case of a com-

pany. The previous permission for transfers should be done away with in case of housing co-operative societies where land was owned by the society and where the tenant owned only a share in the society.

The definition of 'person' be modified to exclude a family, a firm, an association or body of individuals to avoid multiplicity in the matter of filing of returns and overlapping of options for retaining a part of the vacant land. The wife and minor children should not be deprived of rights to own the land.

The permission should be granted to public charitable trusts and institutions as a matter of course to sell a part of their land to fulfil the objectives for which they are set up.

In his opening remarks, Mr. Hari Shankar Singhania, the FICCI president, stated that the act had failed to achieve its objectives. It had brought commercial and co-operative house building activity to a virtual halt affecting national development and employment.

## CAUSES OF TAMIL NADU POWER SHORTAGE EXAMINED

Madras THE HINDU in English 26 Mar 80 p 8

[Article by S. Parthasarathy]

[Text] **T**AMIL NADU has been facing chronic power famine for some years now. Load restrictions and power cut have had to be imposed practically every year though there have been a few years when the State managed to pull through with better monsoon conditions, improved performance of the operating thermal stations and assistance from neighbouring States.

This year, however, the enhanced assistance of Kerala and the optimum monsoon conditions are not taking the State anywhere. The earlier assumptions that there would be nothing like a power famine have been belied and power cuts going up to 60 per cent are in force.

There is sufficient installed capacity in the State grid (about 2,800 MW) but power is not available to meet a peak demand of even 1,600 MW.

Some reasons for this sorry state of affairs are easily discernible like the unsatisfactory performance of thermal stations with a poor overhaul and maintenance programme and the unduly long time taken by the new power stations to become stable.

**Beehive of Activity**

Much store was laid by the Tuticorin thermal station. The Rs 211 crore station, the biggest undertaken by the Tamil Nadu Power Board, is still to generate sizable power, eight months after the first 210 MW unit was commissioned. The station will have ultimately a 630 MW installed capacity in three units to supply over 3,600 million units of energy to the grid.

During a recent visit to the power station, this correspondent found the unit operating on 160 MW load on furnace oil after an erratic performance for a number of weeks. It can be depended upon for four million units of energy (daily) if it continues to maintain the present level of performance.

The station was a beehive of activity with engineers from the Power Board, the manufacturers (BHEL), and the consultants (Tatas) working round the clock in close collaboration and keeping strict watch for trips to stretch to the maximum the station's power output.

If the norm of a minimum plant availability factor of 6,000 hours annually is any index of the good performance of a power equipment, Tuticorin, with not even half this figure for one year of operation ending next July, will not qualify for a declaration of good performance. Even assuming a much lower norm of 3,500-4,000 hours for the first year of its existence, Tuticorin will still fail to come up to the international standard. Who is to be blamed for this?

BHEL is yet to hand over formally the first 210 MW unit to the Power Board engineers though for a brief period on a certain day the manufacturers operated the set on full rated load and as per the guarantee agreement wanted the Board to take it over for that reason. The guarantee period of one year will end next July and it is presumed that till then the engineers of both the organisations will share the responsibility.



Going round the thermal station and discussing the problems with the engineers, one finds that many things went wrong in the several months of its operation. It is true that even in the best designed station, troubles are bound to arise but there is general agreement that indigenous units take a much longer time to stabilise and faults occur at the least expected places. This has been the case with the six or seven BHEL sets (210 MW) in operation in various power stations.

Many of the difficulties seem attributable to manufacturing deficiencies. Some of the components auxiliaries are a constant source of trouble. Such problems as effectiveness of components impairing efficiencies of turbine pump, terminal differences of feed water heaters, pressures in extraction piping, condenser temperature, burner mechanism, ID and FD fans, de-aerator, are a frequent occurrence. Boiler leaks were noticed at least three times reflecting on the quality of the weld.

#### **Instruments Muddle**

Belated arrival of instruments contributed not a little to the muddle. Some instruments are still to arrive and the engineers are managing manually, the aim being to maximise generation during the critical months ahead not bothering themselves about economy.

Whether in Ennore, Tuticorin or elsewhere, unless equipment manufacturers involve themselves completely in troubleshooting of the units in service and suggest quick remedial measures for repairs and rectification of defects, improvements in the plant availability factor will be a distant dream.

While it is agreed that all these cannot be an argument against indigenous development in the area of heavy power equipment manufacture, knowledgeable quarters feel that BHEL, instead of leap-frogging, should hasten slowly. During the 15 years of its existence, this public sector company has developed equipment ranging from 10 MW to 240 MW. It, however, did not specialise in any particular range for any length of time.

BHEL should develop expertise not only in making equipment but also in satisfactory erection, commissioning, testing, operation and maintenance and inspire confidence in the customers. These quarters put part of the blame on the Government. According to them, for purely political reasons, the Government hustles and commits the manufacturers to a target of production too high to realise without sacrificing quality considering the present level of technological competence in the organisation and the highly sophisticated nature of modern power equipment manufacture.

As an engineer from the consultant firm put it, quality control in manufacture, during erection, commissioning in ancillary production and in fact, quality control everywhere, should receive the main emphasis. If maintenance of quality control means lower rate of production it just should not matter.

#### **Neyveli Mine Expansion**

The second unit (210 MW) will not face the same bad luck. The troubles encountered in the first have been taken adequate care of. It is expected to be steam-rolled in April and commissioned in May. The erection of the third 210 MW unit is in progress and if all goes well it may commence generation before the end of next year.

Neyveli presents a totally different picture. In the lignite-fired power station, all the 600 MW capacity is available for operation but the constraint has been fuel availability. The export of power from Neyveli to the grid during 1977-78, 1978-79 and 1979-80 (up to Feb. 29) are as under: 2,115 m.u., 1,917 m.u., and 1,500 m.u. The figures speak for themselves. There was a drop in 1978-79. This year—if another 200 m.u. can be taken credit for March—the drop will be over 300 m.u.

On the day of this correspondent's visit, the Neyveli mines registered an all-time high production of lignite of 19,000 tonnes. May be, this record cannot be maintained until the process of conversion of the old mine is completed. The process of matching the old mine to the new faces has encountered delay affecting mine production.

The work done so far under the mine expansion gives rise to the hope

that the transition period will be crossed in another two months and that uninterrupted production at a high level (five million tonnes annually) can be maintained thereafter before reaching 6.5 million tonnes in 1981-82.

In view of the expected improvement in lignite supply, the authorities are planning to go back to this fuel in respect of the two oil-fired boilers. After the mine expansion with new systems and new equipment involving creation of very wide benches to permit parallel operation of excavator and several other equipment, lignite exposure will always be much ahead of overburden removal so that, rain or shine, lignite can be mined continuously.

The power station is in the happy position of having its bunkers full with lignite. The plan is to operate 55% or even the entire capacity of 600 MW during April and May, the fateful months ahead. The plant availability factor has been over 6,500 hours (for all the sets including the oil-fired ones)—not a bad performance.

#### **A Sick Child**

Frequently in the past, lack of discipline and dedication on the part of the employees (including engineers) has interfered with mine production and high utilisation of rated power capacity. The 14,000 odd workers covered by several trade unions are threatening to go on an indefinite strike from next month to press their demands, mainly money demands. If unfortunately the strike should materialise the power availability to the State would be reduced by more than one-half. It is said the Union Cabinet is seized of the matter.

Ennore continues to be a sick child of the Board. It has not been functioning to full rated capacity and the percentage of generation has been low. One thing or the other has been going wrong with it. Some Czech engineers are grappling with the problems.

The long-term solution for the recurrent power shortage is to take up a number of schemes and complete them expeditiously besides getting the best out of the existing thermal capacity.

#### **S. Parthasarathy**

## ENERGY MINISTER PROPOSES PROTECTION FORCE FOR COALFIELDS

Madras THE HINDU in English 26 Mar 80 p 7

[Text] New Delhi, March 25. The Energy and Coal Minister, Mr. A.B.A. Ghani Khan Choudhury, claimed in the Rajya Sabha today that the pithead stock of coal had reached the level of 13 million tonnes at the end of February and would further increase to 14 million tonnes by the end of this month.

While denying that coal production had fallen, he maintained that the stocks with the coal mines were sufficient to meet the demand of power houses, brick burners and industrial consumers like foundries, as well as the demand for soft coke for domestic consumers.

The Minister, however, conceded that there was a shortage of superior grade coal needed by steel and some other industries. He blamed power shortage and "the extremely disturbed" law and order situation in West Bengal and Bihar for this, and said the Government was considering the setting up of a protection force for the coal industry and its employees.

Mr. Choudhury, who was making a statement in response to a calling-attention notice of Mr. Kalpnath Rai (Cong-I), attributed the difficulties experienced by certain categories of consumers to movement difficulties.

"This matter has been reviewed by the Prime Minister personally and the Cabinet Committee on Industrial Infrastructure has been regularly monitoring the supply of wagons for coal movement," he added.

Assuring the House that the Government was taking steps to tackle these problems, he said a close and continuous watch was being kept on the level of power generation in Bengal and Bihar and every effort was being made to improve the working of the DVC system.

"We have taken up with the State Governments the need to strengthen the law and order machinery in the coalfield areas. We are even considering having a coalfield protection force to protect the mines and installations and the employees of the coal companies."

### More Wagons Loaded

He said that as a result of the steps lately initiated, the number of wagons loaded had increased from a daily average of about 8,900 in December to 9,400 this month. Where wagons were not available, consumers were allowed to move coal by road.

### Coking Coal Imports: Issue Under Study

Mr. Pranab Mukherjee Union Minister for Steel and Mines told the Rajya Sabha today that the question whether coking coal imports to meet the needs of steel plants should be continued was engaging the Government's attention.

Replying to a question on the details of contracts entered into for the import of coking coal during 1979-80, he said the price of imported coking coal was much higher than that of indigenous coking coal. The coal is imported from Australia cost Rs. 592 a tonne, while that from Canada Rs 688. The price of indigenous coking coal ranged from Rs. 220 to Rs 244.

An important consideration the Government had to keep in mind while deciding on the future import programme for coking coal was the high ash content in the indigenous coking coal, which damaged the steel plants.

The ash content in the imported coal was 10 per cent, while in the indigenous one it had risen from 19 per cent in 1975-76 to 21 per cent in 1977-78. This was among the reasons why the previous Government had decided to import coking coal.

Giving details of the contracts entered into by the Steel Authority of India Ltd. (SAIL) in September 1978 for coking coal imports, the Minister said one of the two contracts was with Klockner/Clutha of Australia for the supply of six lakh tonnes of medium coking coal. This was subsequently increased to eight lakh tonnes.

The other contract was with Consol/Luscar of Canada for the supply of four lakh tonnes of prime coking coal.

CSO: 4220

## REPORTER SEES 'VICIOUS CIRCLE' IN COAL, POWER PRODUCTION

Madras THE HINDU in English 26 Mar 80 p 22

[Text] Mr. Abdul Ghani Khan Choudhury, Union Minister for Energy, recently told a news conference that the authorities of the West Bengal State Electricity Board sometimes placed orders for equipment spares too late. Maintenance too was neglected. On account of the initial carelessness and delay, timely deliveries were impossible from the Bharat Heavy Electricals Limited or allied organisations. Mr. Choudhury should know. Before handling the energy portfolio at the national level, he was Minister for Power in West Bengal and was in charge of the State Electricity Board.

Whether in the generation and distribution of power or maintaining the supply of commodities in the State, it seems the fruitless exercise of accusations and counter-accusations among various official agencies has become unavoidable. It is no use blaming Mr. Choudhury for now saying something that he would never have admitted in the past.

In a larger context, the railways blaming both, and the Coal India criticising the power generating authorities for failure to maintain supply of coal has been too familiar to need comment. The common man who cannot get kerosene, coal, diesel or sugar in time, has nowhere to turn to. Month after month the situation of scarcities amid plenty has been allowed to continue.

Roughly, the vicious circle operates thus: Because there is no power mining operations are affected, less coal is raised to be hauled by the Railways; because of shortages of fuel, whether coal or oil, the power generating agencies cannot work to capacity and supply less power to all consumers, including the mines. For all the working out of departmental priorities by task forces and so on, during the last couple of years the administrative experience and planning expertise in the country have seemed ludicrously unequal to the task of setting it all right, finding a way out of the mess.

Apart from the quantity of coal supplied, the quality itself has been open to question. Poor quality coal with a high ash content plays havoc with the power generation equipment. Mr. Choudhury, who seemed to speak only for the Coal India at his last news conference, said that to settle



this, he had ordered representatives of the Railways, the CIL and the power stations to be present at the time of despatch of fuel. This made sense, but would not such prolonged inspections add to the problems of the Railways, whose authorities report that wagons are stalled for days on end, causing a serious fall in carrying capacity all over the country.

The State Food Ministry officials blame both the Railways and the CIL. The railway authorities do not always appreciate the State's needs, they say. This again, is a complaint that most States make against the Railways. As for the CIL, Bengal's feeling is better quality coal is despatched elsewhere in greater quantities.

Thus, Bengal cannot derive any advantage despite the location of the mines within its territory. Added to the freight arrangements ordered by the Union Government for coal and steel, this is a further disadvantage. It would not be fair, therefore, to blame the Left Front for being unusually suspicious of any new move proposed in the field of communications, especially by a central agency after this.

The Railway authorities, for their part, have asked the State Government time and again to take deliveries of foodgrains and other essential items that accumulate in the yards, causing congestion. They fail to understand why the Government should hesitate to move legally against traders who do not take timely delivery or seize the items. This could help in maintaining a steady price line, they feel. They blame the CIL also for not raising enough coal and filling their wagons in time.

It can be seen that for the present near-breakdown in communications in the eastern region at any rate, it is hard to fix responsibility. The alternatives are not easier either. If instead of coal, requisite quantities of oil could be supplied to the power stations, generation and supply to the mines could have been ensured. However, the Assam agitation seems to have put paid to the idea. This could have been the first point of a direct assault on the problem.

According to the figures supplied by Mr. Choudhury, from a production level of 2,76,000 [figure as printed] tonnes daily during April-December, 1979 the coal output from CIL mines has steadily increased to a daily rate of 3,42,000 tonnes in January and 3,63,000 tonnes in February, this year. The production of 8.86 million tonnes in January was 0.5 million tonnes more than in December, 1979 and that in February (9.1 million tonnes) has been 0.2 million more than in January. The improvement will be maintained in March during which nearly 10 million tonnes are expected to be produced.

Production in 1979-80 is expected to be 91.2 million tonnes compared to 90.05 million tonnes in 1978-79. The target production for 1980-81 has been set at 99 million tonnes i.e., an increase of about eight million tonnes over 1979-80.

Coal stocks have also been increasing steadily from 9.18 million tonnes as on December 31 to 11.25 million tonnes on January 31 and 11.75 million tonnes on February 29, 1980. The year-end stock on March 31 is expected to be 13.43 million tonnes.

Of these stocks, about six million tonnes will be slack coal suitable for power houses and brick kilns. Steam coal stocks for the Railway locos and the industries would be around two million tonnes. There would also be 2.5 million tonnes of coking coal which, after washing, could be supplied to steel plants.

Traditionally, coal production during April-June quarter drops by 15 to 20 percent compared to January-March quarter every year. While production in the winter months is generally adequate to meet the demand production in the summer and the monsoon periods often lags behind. The Minister had detailed discussions with senior officials of the coal companies and directed them to draw up a plan to control the seasonal drop in coal production. An important cause for the drop is the heavy absenteeism among workers after March. He instructed the coal companies to regulate leave to the employees during the summer months and to take strict measures to curb unauthorised absenteeism. These measures would help to maintain production in the April-June quarter at a high level. The drive for increased production will be sustained throughout the year and subsequently.

The major constraints which have been hampering coal production such as power and explosives have been looked into and remedial action proposed.

Discussions were held with top level officers of DVC and the Bihar State Electricity Board for increasing generation and distribution of power in the colliery areas. Arrangements are being made to isolate the colliery feeders to ensure uninterrupted power supplies to the mines. Coal India needs a minimum of 370 MW of power of which 250 MW is the demand from CCL/ECL/BCCL in the Bengal/Bihar coal fields.

The supplies in the eastern sector have been averaging 65-70 per cent of requirements and steps are being taken to normalise supplies. Action is under way to streamline the distribution network in the coalfields, reduce the peak load and to promptly attend to any disruption or breakdown in the system. The DVC and the other power generation agencies have drawn up time-bound programmes for increasing power generation.

CSO: 4220



## EXPANSION OF BOKARO, BHILAI STEEL PLANTS PROPOSED

New Delhi THE PATRIOT in English 26 Mar 80 p 5

[Text]

## Our Special Correspondent

**E**XPANSION of Bokaro and Bhilai and setting up of two shore-based plants are the main proposals to double the steel output to 22 million tonnes in a 10-year period. This included the Vishakhapatnam plant.

Steel Minister Pranab Mukherjee told the Rajya Sabha on Tuesday during the question hour that the expansion of Bhilai was expected to be completed by the middle of 1982. The idea is to increase the plant's production from 2.5 million tonnes to four million tonnes of steel ingots at an estimated cost of Rs 1,260 crores.

As for Bokaro, production capacity will be increased from 1.7 million tonnes to four million tonnes at an estimated cost of Rs 1,229 crores. Both these schemes are already under implementation. The expansion of Bokaro up to 2.5 million ingot tonnes had already been completed and the whole scheme was expected to be completed by the end of 1981, the Minister said.

He said the major problems affecting the steel production was shortage of power, especially at DVC. Measures are under way to expand the DVC which provides power to Bokaro and Durgapur.

Answering a question, he said the Tata Iron and Steel Company with an installed capacity of 1.5 million tonnes of saleable steel produced 1.516 million tonnes during 1978-79. The public sector plants, on the other hand were far below in production compared to their installed capacity. However, the performan-

ce of Bhilai and Rourkela plants were fairly good, he said.

Mr Pranab Mukherjee, answering another question, said the production of ingot steel in the five major public sector steel plants during 1979-80 was expected to be marginally higher than the production in 1978-79.

Mr Mukherjee in answer to Mr B Narasimha Reddy said the target of production for ingot steel in 1980-81 was 10.96 million tonnes and that of saleable steel 8.76 million tonnes. These

figures included production from the main plants as well as mini-steel plants.

He added that according to the revised sixth-five-year plan 1978-83, the demand for steel was expected to grow at the rate of 8.7 per cent during this period.

The Minister said the gap between demand and availability would be met through planned imports, taking into account the actual trends in production and consumption.

## BRIEFS

**NEW CONGRESS (I) MP'S**--Two more Cong-U members of the Rajya Sabha have joined the Con-I raising the strength of the party in the Upper House to 96, according to Mr Bhishma Narayan Singh, Parliamentary Affairs Minister, reports PTI. The effective strength of the Rajya Sabha now is 235. The members are: Mrs Lila Damodaran Menon (Kerala) and Mr Maqsood Ali Khan (Karnataka). Mr Singh also announced that Mr P M Sayeed, Lok Sabha member from Lakshwadeep has also joined the Cong-I. [Text] [New Delhi THE PATRIOT in English 26 Mar 80 p 1]

**TAMIL NADU ELECTION COMMITTEE**--New Delhi, March 26--A nine-member Pradesh Election Committee for Tamil Nadu Congress (I) was approved today by the Party President, Mrs. Indira Gandhi. The PEC, which supersedes such previous committees is headed by Mr. M. P. Subramanyam, President of the Tamil Nadu Pradesh Congress (I) Committee. Other members of the new PEC are: Mr. R. Venkataraman, Mr. R. V. Swaminathan, Mr. G. Karuppiiah Mooppanar, Mr. K. Rajaram Naidu, Mr. A. P. C. Veerabahu, Mr. L. Elayaperumal, Mr. P. M. Kaliannan and Mr. K. S. G. Haja Sheriff.--UNI [Text] [Madras THE HINDU in English 27 Mar 80 p 9]

**MEGHALAYAN TRIBES' FEARS**--New Delhi, March 22--A 13-member all-party delegation from Meghalaya, headed by the chief minister, Mr. B. B. Lyngdoh, met the Prime Minister, Mrs. Indira Gandhi today and discussed with her the problems and apprehensions of the people of Meghalaya in detail. The delegation talked particularly of the fear of the tribal way of life and culture in Meghalaya being swamped by the entry of foreigners and unauthorised migration from Assam as well as other states. It was agreed that all existing laws for the protection of tribal people would be strictly enforced and strengthened. Further measures, including the need for legislation to achieve this purpose, will be examined. The delegation included Capt. Williamson Sangma, former chief minister and president of the Meghalaya pradesh Congress (I) committee, Mr. P. A. Sangma (Cong.-I) and Mr. P. R. Kyndiah, leader of the opposition in the state assembly. [Text] [Bombay THE TIMES OF INDIA in English 23 Mar 80 p 1]

## TIGHTER IMMIGRATION CONTROLS AT EAST KALIMANTAN BORDER

Kuala Lumpur NEW STRAITS TIMES in English 20 Feb 80 p 7

[Text]

**JAKARTA, Tues. —** Tighter immigration control is to be enforced by the Indonesian Government along the Malaysia/Indonesia border at the Sebatik and Munukan areas in East Kalimantan.

The Government also plans to introduce a security clearance and identification card system to ensure proper control on the flow of Indonesians into Sabah, Defence and Security Minister General Muhammad Yusuf said here

today.

The Minister, who visited the border areas yesterday, added that security along the areas would also be stepped up to ensure safety of travellers.

About 1,500 Indonesians cross the border into Sabah every month, according to local immigration and police statistics.

Gen. Yusuf estimated that there were about 60,000 Indonesians of Bugis descent now working in Tawau, Sabah.

He alleged that there was a syndicate operating in Ujung Pandang, recruiting Indone-

sian workers to work in plantations and in other jobs in Tawau.

The Government had to ensure that those leaving the country had the necessary clearance. The introduction of an identification card system would serve the purpose.

He hoped to meet local authorities in East Kalimantan and South Sulawesi soon to discuss implementation of these new regulations.

He stressed that the new measures to be taken were part of the Government's efforts to intensify national resilience. — Bernama.

CSO: 4220

## NEW REGULATIONS TO SPEED NATURALIZATION OF CHINESE ALIENS

Circle Lumpur NEW STRAITS TIMES in English 29 Feb 80 p 1

[Text]

**JAKARTA, Thurs. —** President Suharto has issued special decisions to speed up the naturalisation and granting of Indonesian citizenship to alien Chinese in Indonesia, it was announced today. This was a clear indication that Indonesia was moving towards reopening diplomatic relations with China, a government spokesman said today in reply to questions.

The decisions were expected to affect up to 1.2 million mainland Chinese, Taiwanese and stateless ethnic Chinese now living in Indonesia.

Indonesian leaders have been saying that the settlement of the nationality problem for the Chinese minority was one of the main obstacles to re-establishing diplomatic relations with China.

In the speeded up naturalisation process, an alien Chinese will now be able to make a statement saying that he has dropped his Chinese citizenship and wants to become Indonesian.

### Required papers

This process is actually a return to a similar option given to Chinese when Indonesia abrogated its dual citizenship agreement with China in 1960.

Under the new regulation, a Chinese could be granted Indonesian citizenship within three months after he first applied to the local court, provided that all his papers were in order.

Among the papers that are required for this naturalisation are a statement of good behaviour from the police, a health certificate from a doctor, a statement from local government authorities that the applicant has a steady job, and proof that he has lived for five consecutive years in the country or 10 years intermittently.

In another decision, President Suharto also ordered the Justice Minister, the Home Minister and the chief of the national security agency to speed up the granting of citizenship documents for Indonesians who do not have such papers. — Reuter.

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TRANSMIGRATION NEWS REVIEWED

Jakarta HARIAN UNUM AB in Indonesian 12 Mar 80 p 1

[Article: "Up to Now Transmigration Has Taken Care of 640,398 People"]

[Excerpts] Up to 10 March 1980, the overall total of transmigrants who have been taken care of is 640,398 people, or 143,752 heads of family (KK), from the beginning of the First Five-Year Plan to the second year of the Third Five-Year Plan. Implementation of the program has involved general transmigration and voluntary transmigration.

Providing this information in his meeting with the press on Tuesday [11 March], Director General of Transmigration Kadarusno confirmed that at the beginning of the program for 1979/80, there was a remnant [from the previous plan] which had not been resettled numbering 79,207 KK. From 27 January 1979 up to and including 10 March 1980, only 20,286 KK were resettled out of this total. This leaves a remnant of 58,951 KK. Meanwhile, from the program for 1980 alone there was a remnant of 6,081 KK, of whom 1,888 KK were sent off, leaving 4,193 KK. Homes provided amounted to 4,106, leaving a shortage of 87 homes for the 4,193 KK during 1980.

In connection with the target, during the Third Five-Year Plan, 500,000 KK (3.5 million people) must be taken care of. Kadarusno said he was optimistic, because the Coordinating Body for Implementing Transmigration has a structure which goes down to lower levels (average city and regency).

BAKOPTRANS [Coordinating Body for Implementing Transmigration], which was created at the beginning of September, 1978, presently is only one and one-half years old. It is a compact body which brings together all offices involved, from the center to the regions, in encouraging transmigration.

In the Third Five-Year Plan, each year has its own target, according to Deputy Minister for Transmigration Martono. Thus, by 1982 there will be no remnant of transmigrants who have not yet been sent off. For, by that year, the BAKOPTRANS will be able to function, whereas up to 1 April 1980 it will only be resolving its organization and administration [problems].

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CSO: 4213

## INDONESIA

### SEMINAR DISCUSSES THREAT OF EXPANSIONISM

Jakarta SINAR HARAPAN in Indonesian 4 Mar 80 pp 1, 12

[Article: "Vietnam Is Unable to Attack South But PRC Expansion Remains the Principal Danger"]

[Excerpts] The secretary of the Coordinating Minister for Politics and Security, Maj Gen Purnomo, considers the situation in the Asian area very disturbing. Therefore, regional resilience in the region of the Asian countries must be strengthened.

In his address to the seminar on international questions and the role of the superpowers, which is being conducted by the Student Senate of the Faculty of Social and Political Affairs of Jayabaya University on Monday [3 March], Purnomo analyzed at some length the question of national resilience and the regional resilience of the countries of Southeast Asia.

The speaker did not fully agree with the view that Vietnam was a serious threat for the Asian countries. He said: "It turns out that the strength of Vietnam is not like what we thought at first. Although they have modern weapons, left behind by the U.S. after the Communist victory in south Vietnam, they do not have the capacity to use those modern weapons."

He added, "According to reports we have received, it turns out that the Vietnamese are suffering from a shortage of food, which does not make it possible for them to launch an invasion towards the south, especially Indonesia."

Meanwhile, Dr Lee Tek Tjeng, in his speech concerning Communist competition in the Asia-Pacific area, especially in Southeast Asia, was unable to provide a clear statement regarding the position of Vietnam in this region. In response to a question, Lee Tek Tjeng said: "It is logical that Vietnam, which needs aid, should lean towards the Soviet Union, because it is the Soviet Union which is providing the needed aid."

On the other hand, Manai Sophiaan, former Indonesian Ambassador to the Soviet Union, who was acting as an analyst of the speech of Dr Lee Tek Tjeng,



was specifically clearer in stating that Vietnam is very much needed by the Asian countries as the most forward position in stemming PRC expansion towards the south. Manai Sophiaan considered that there was no reason for the Asian countries to be enemies of Vietnam. On the contrary, he said, "We should carry on good relations with Vietnam."

"As we know," said Manai Sophiaan, pointing to Dr Hardi, former Indonesian Ambassador to Vietnam, who was also attending the seminar, "Vietnam is lacking basic requirements in all fields." Therefore, Vietnam can only rely on aid from the Soviet Union," but this does not mean that they are Soviet puppets," he said.

Touching on the problems which are causing concern in Asian countries, Maj Gen Purnomo said that, apart from needing to strengthen national resilience in the Asian countries, the regional resilience of the organization itself is a pressing necessity.

He said that the regional resilience of Asian countries is needed to face up to any threat from wherever source, be it the Soviet Union or even the PRC. Purnomo felt that both the Soviet Union and the PRC were trying to expand their influence in the Southeast Asian region. In [the context of] regional defense elements, Purnomo mentioned "military cooperation."

Answering a question as to whether such cooperation would not violate the principle of a foreign policy which is independent and active, Purnomo said, "We are free to determine the political attitude which is to our advantage."

Replying to the speech of President Marcos, who said that new alliances have been emerging in the Asia-Pacific region, that is, between the Soviet Union, India and Vietnam on one side, and between the U.S. Japan and the PRC on the other, Purnomo said that he did not agree with such a view. According to Purnomo, India could not possibly join in a bloc with the Soviet Union. He considered that, under the leadership of Mrs Indira Gandhi, India will continue to defend the principle of non-membership in a bloc and will not side with the Soviet Union.

He said that if it was felt that India was leaning towards the Soviet Union, such a political attitude would be a part of an Indian effort to defend against a PRC which was regarded as a threat because of its intimate relations with Pakistan.

"But the meaning of not belonging to a bloc now is increasingly blurred," Purnomo said, and he pointed to the example of Cuba. "How can Cuba be referred to as a non-aligned country, when this country has clearly defended the Soviet Union," Purnomo stated.

Dr M O Tambunan, who discussed the speech of Maj Gen Purnomo, did not agree with the statement that the Vietnamese are presently sick and, therefore are regarded as not having the capacity to undertake expansion to the south. "With such a view, Indonesian young people can become indifferent about achieving national resiliency."



ITALIAN DELEGATION DISCUSSES GEOTHERMAL, NUCLEAR TECHNOLOGY

Jakarta HARIAN UMUM AB in Indonesian 12 Mar 80 pp 1, 7

[Article: "Indonesia and Italy Probe Technological Cooperation"]

[Excerpts] Indonesia and Italy on Tuesday [11 March] began to probe the possibility of cooperation in the field of scientific knowledge and technology, especially in the geothermal and nuclear reactor fields.

Discussions regarding such a probe were carried on by the Minister of State for Research and Technology, Prof Dr B J Habibie, and his staff, together with an Italian delegation led by the Italian Minister of Science and Technology, Dr Vito Scalia, who was accompanied by Italian Ambassador Elio Pascarelli.

Habibie said the primary objective of Indonesian development was to lessen the gap between rich and poor, and, especially, to create opportunities for work for the Indonesian people.

He said that each year there are 1.2 million people who need new jobs. This is happening when the total population is 140 million, Habibie said; at the end of this century the population of Indonesia will touch 200 million.

Habibie said that if Indonesia wishes to meet its needs for electrical energy fully, the country must have a nuclear energy reactor by 1997. For, he added, based on a study of the State Electrical Enterprise, at the end of this century Indonesia would need to consume 36,000 MW of electricity, compared to 3,000 MW now.

For this reason, Indonesia, is as of now seeking cooperative arrangements in the field of technology with several countries, which can put Indonesian technicians to work themselves.

Indonesia, he said, cannot continue to depend on petroleum, because it is feared that there will be a shortage in the year 2000. It is at present developing other sources of energy, such as nuclear energy, solar power, and alcohol.

The Italian technological delegation arrived on Monday (10 March) at midnight, bringing a number of proposals for cooperation in the field of development of science and technology.

They will also have an exchange of views with Minister of Mining and Energy Soebroto and Minister of Industry A R Soehoed. Besides going to Bundung to see the National Atomic Energy Body, the delegation will also visit Bali and will remain in Indonesia until 17 March.

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CSO: 4213

## INDONESIA

### PROMISING OIL EXPLORATION PROSPECTS SEEN

Jakarta HARIAN UMUM AB in Indonesian 1 Mar 80 p 3

[Article: "Arab News: Opportunity for Oil Investment in Indonesia Great"]

[Excerpts] Indonesia is emerging as the country which has the best prospects in the production field, because its potential sources, which are extraordinarily large, are being developed, according to an Arab newspaper at the end of December, 1979.

ARAB NEWS, which is published in Jiddah, states that as a friend of the western countries and as a moderate in the Organization of Petroleum Exporting Countries (OPEC), Indonesia possesses attractive investment possibilities.

The exploration agreement signed recently by five oil companies--namely, Mobil Oil, Shell, Conoco, Total, Chevron and Texaco, who will spend \$300 million over a period of 10 years--signified an end to the concern and the problems which emerged a few years ago, when Indonesia reconsidered the contracts.

The signing of the largest exploration contract in Indonesian history, ARAB NEWS goes on to say, also makes it clear that, although there are protests from Vietnam, Indonesia is betting on its claim to the Natuna continental shelf in the South China Sea, which is regarded as the oil field with the best future.

Indonesia is the 10th largest oil producer in the world, with a production of 1.6 million barrels per day and, although still far behind the production of Saudi Arabia, with 9.5 million barrels per day, Indonesia promises stability, not only in the supply field but also in the investment sector.

ARAB NEWS continues that, although Pertamina experienced difficulties in the financial field in 1975 with its plans to carry out diversification, causing its reserves to fall to \$500 million, its income is at present increasing, not only from oil but also from non-oil sources. This is a consequence of

Knop-15 [sic], which is making its export commodities more competitive in the world.

However, oil still remains the key income source, with estimated receipts for the country of \$8.0 billion in 1979, compared to \$6.8 billion in 1978.

Roy Huffington, whose company is engaged in making petroleum profiles in East Kalimantan and Sumatra, stated recently that Indonesia has at least 38 tertiary troughs, a geological formation which contains oil, one-third of which have not yet been drilled.

Huffington says: "the 38 troughs involve about 770,000 square miles (two million square kilometers), which is more than the Texas, Louisiana and southwestern U.S. oil producing fields put together."

"In 1977 there were only 135 exploration wells drilled in Indonesia, compared with almost 9,000 wells in the U.S., which indicates that Indonesia is still at the beginning in the exploration for oil. This provides a big opportunity for our development program," said Huffington, who was quoted by the OPEC BULLETIN, published in Vienna, 4 February 1980.

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CSO: 4213

## PETROCHEMICAL PLANT CONSTRUCTION, CAR PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 23 Feb 80 p 12

[Text]

JAKARTA, Feb. 22

FRANCE is to build a petrochemical plant in Indonesia, Robert Andre Vivien, President of the Commission for Finances, Economics and Planning in the French National Assembly said today.

He said that the plant would involve an initial investment of US\$1.5 billion.

Mr Vivien declined to give details saying the project was under study following six months of negotiations between the two governments.

Mr Vivien is heading a six-man mission to Singapore, Indonesia, Hong Kong, Taiwan, South Korea and Thailand to ascertain opportunities for French investment.

He said a report on the outcome of the trip would be submitted to the government and French businessmen in March and made public in April.

Car assembly plants in Indonesia are expected to produce 110,000 vehicles this year, an increase of 10 per cent over last year, according to chairman of the Car Assembly Plants Association, Sugianto Bastrosatomo.

Out of the 110,000 vehicles, a total of 80,000 will be commercial vehicles (trucks, buses, etc), and the rest will be passenger units (sedan cars), he said last night.

The Indonesian government has planned to reduce the marks of vehicles assembled in the country due to the growing number of trade marks most of which are of Japanese car companies such as Toyota, Datsun and Mazda.

The import of cars into Indonesia has also been banned to protect the local car assemblers.

— AFP

OUTLOOK FOR EXPANSION OF TIN PRODUCTION EXAMINED

Jakarta PELITA in Indonesian 12 Mar 80 pp 1, 8

[Article: "Indonesia Is Trying to Take Over the Tin Market"]

[Excerpts] The Principal Director of PT Tambang Timah, A R Ramly, states that Indonesia is trying to take over the international tin market from tin producers who are experiencing production difficulties.

Ramly, in his speech on Monday [10 March], stated that while world tin production generally is increasing by 1.5 percent per year, Indonesia is capable of increasing its production of tin by 4.0 percent per year.

"The figure of 4.0 percent is calculated in accordance with our capacity and long-term marketing prospects," he said.

He estimated that under production conditions like those at present, without new findings, the mining and production of Indonesian tin could continue for 35 more years.

Ramly said that the production of Indonesian tin metal for the years from 1976 to 1979 was: 1976, 23,322 metric tons; 1977, 24,003 metric tons; 1978, 25,830 metric tons; and 1979, 27,700 metric tons.

Exports in 1976 totalled 24,112 metric tons; in 1977, 24,914 metric tons; in 1978, 25,549 metric tons; and in 1979, 25,737 metric tons.

Income from exports in 1976 totalled Rp 83 billion; in 1977, Rp 108 billion; in 1978, Rp 151 billion; and in 1979, Rp 214 billion.

Income from domestic sales in 1976 was at the level of Rp 1.5 billion; in 1977, Rp 1.7 billion; in 1978, Rp 2.1 billion; and in 1979, Rp 3.2 billion.

The income from exports, in foreign exchange, in 1976 was \$169 million; in 1977, \$250 million; in 1978, \$330 million; and in 1979, \$376 million.

PT Timah had a gross profit for 1976 of Rp 14 billion; for 1977, Rp 29 billion; for 1978, Rp 53 billion; and for 1979, Rp 105 billion.

The 10 percent export tax collected by the Government in 1976 was Rp 14 billion; in 1977, Rp 10 billion; in 1978, 14 billion; and in 1979, 23 billion.

The company tax which was paid to the Government was: for 1976, more than Rp 7.0 billion; for 1977, Rp 13 billion; for 1978, Rp 22 billion; and for 1979, Rp 18 billion (provisional figure).

He said that the tin industry is at present employing 28,660 workers in several mining units in the regional areas (Bangka, Belitung, Singkep, Karimun-Riau, and the Mentok Tin processing unit), 1000 workers at the central office, and 11 workers overseas.

Ramly believes that the release of U.S. commercial tin reserves, which is planned to be 10,000 tons per year of the 30,000 tons total scheduled to be disposed of, will not damage the Indonesian development program.

It is a different matter with Bolivia, the largest producer of tin in the world. For Bolivia, every kilogram which is disposed of by the U.S. will very much influence state income, because 60 percent of Bolivian exports are of tin. The cost of tin production in that country is very high, because its tin deposits are found in the mountains.

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CSO: 4213



RETURNEES DESCRIBE NONG KHAI CAMP CONDITIONS, CITE MILITARY RECRUITMENT

Vientiane SIANG PASASON in Lao 11 Jan 80 pp 2, 3

[Article by Ketmeuang: "A True Story at Nong Khai"]

[Text] "You beast! Coward! Homeless vagabond! You know you don't belong out here, but what the hell are you doing out here...?"

These curses which penetrate the hearts of Lao refugees are usually accompanied by some merciless kicking and beating before they are thrown back in the cell for several months. This is a usual confrontation between the Thai police who guard the Nong Khai refugee camp and the Lao refugees who are caught leaving the camp which is enclosed by barbed wire.

"Nong Khai Camp" is situated approximately three kilometers outside the Nong Khai city limit. The camp is surrounded by barbed wire, and is 300-400 meters on a side. There is a police booth on each side of the camp. One can see from a distance several hundred 5 x 50 meter wooden, thatched-roof shelters one next to the other. They look like nothing but a chicken farm. Hundreds and thousands of Lao refugees who returned to their homeland all openly told of their feeling of boredom and weariness with the life without human rights and identity, but a life full of humiliation and contempt from the very day they arrived on the Thai soil. They were also tired of the filthy and decaying society at the camps which was a prison to them. They can never forget the animosity they have for a number of running Lao puppet army officers who collaborated with Thai officials running the camp who create great suffering for all Lao refugees in general, and for themselves in particular who are sold as goods for the pleasure and wealth of those people in such inhumanity.

A case in point is Veng Phengbuavan an 18-year old from Si Bounreuang Village, [Tasseng] Sikhai Canton, [Meuang] Sikhottabong District of Vientiane City. He escaped to Thailand on 4 September 1979, but returned to Laos on 19 December 1979, with a case of scabies and untidy long hair. His story is identical with that of other returnees. He said, "The present living conditions at the Nong Khai Camp, as they have been for a long time, are most barbarous. Only 10 or 20 baht can be exchanged for a man's life, i.e., a contract can

be made to have someone killed mercilessly while his family suffers because hired killers are easy to find. Robbery and larceny are common; clothes on your body and on the clothes line are robbed or stolen even in broad daylight. A number of young Lao were paid to join the reactionary counter-revolutionaries; others became hippies, causing disruptive fights and murders. Those who have families are forcing their women to sell their bodies in different ways, such as becoming prostitutes and hired wives. Many rape cases were reported. Gambling with cards is seen everywhere. All refugees at the camp contracted scabies due to lack of potable and non-potable water, that is, the water that is used for consumption is unclean. There are less than 10 water wells at the camp; and if one must buy water, he must pay 1-2 baht per bucket, plus 10 baht for leaving and entering the camp. A few of the most sought after jobs by all men are pushing water carts, driving pedicabs, and laboring at the camp. Most women become prostitutes...."

After spending four days in a prison in Sri Chiangmai, 15 days at the police station and several days at the Nong Khai Camp, Khamla, an 18-year old from Si Khaitha Village of [Meuang] Si Khottabong District escaped confinement and returned to Laos on 3 December 1979. She gave an account of her ordeal, saying, "I didn't want to be like several women at the camp, therefore, I decided to sell my silver belt so that I could leave to return home."

Veng, Khamla, as well as other returnees who left the camp at the same time all added to the story, saying, "At present, the Lao refugees at the Nong Khai Camp all say they are homesick and want to return, but they are awaiting the opportunity to arise. But a number of them are reluctant to leave because they have been deceived by reactionary propaganda which says that returnees to Laos will be liquidated; that they must attend a long-term disciplinary reeducation; and that they will never have an opportunity to return to live in their own homes, etc."

However, the truth prevails. The refugees who are still at various refugee camps, as well as those who have arrived in third countries are still corresponding with their relatives at home, telling them that they suffer hardship, humiliation, and contempt in the host countries. The jobs available to them are the ones that are unwanted by the natives, therefore, they are neither honorable nor well-paid. However, those who change their minds and return to their homeland, after witnessing the true conditions inside Laos, experiencing justice and living normal lives, send messages to their blind relatives overseas and appeal to them to return so as to seek genuine justice, freedom and brotherhood in their motherland.

9013  
CSO: 4206

## COLUMN CRITICIZES LACK OF SECURITY CONSCIOUSNESS

Vientiane SIANG PASASON in Lao 14 Jan 80 p 2

["Party Knowledge" column: "Phenomenon of Lack of Awareness"]

[Text] It is regrettable that in the past a great number of people at several localities have succumbed to the enemy's tricks. These people are generally careless; they lack security consciousness. Worse, they consider security consciousness insignificant.

There are some people who care the least about the rules for protecting national secrets; they would talk about them at random. Whenever an exciting topic arises, they would immediately behave as know-it-alls, experts in the subject, or identify themselves as important persons. Subsequently, they would reveal the secrets of the state and party. Others who are susceptible to the enemy's cunning tricks and distorted propaganda would talk in favor of the enemies, thus unconsciously becoming the enemy's mouthpiece. Worse, some who lack experience in securing classified materials would assign an irresponsible person to secure such materials. At some places control of party cadres and members is a failure, that is, no record is kept of any activities of the members. In some cases, important tasks are assigned to irresponsible staff to handle; and admission of new party members is not in accordance with the prescribed guidelines. Some localities have not yet paid attention to organizing and improving military units; they are negligent and unprepared for combat, etc.

It is evident that the above phenomena demonstrate that the revolutionary flame has dimmed; security consciousness is therefore non-existent; the complex characteristics of class struggle of the new era are not clearly recognized; it is impossible to distinguish a friend from an enemy; and it is unclear whether one is a class enemy or an enemy of the people.

Another thing that must be criticized is that a group of individuals including a number of responsible cadres who have established themselves comfortably within the new system and subsequently demand personal rights and benefits. They seek rest and eventually move farther from a revolutionary's principles. Worse, some surrender and become subjects of extravagant living, thus

unconsciously becoming elements of the oppressive and reactionary class. This class of oppressive individuals generally espouse slogans such as "special point," "rotative application," or to rationales such as "installments" and "partnership" so as to duplicate capitalist principles and protect black marketeers. In reality, these people are already defeated by the capitalists' "sugar-coated bullets."

These people behave without security consciousness, but they incessantly talk about class struggles to pretend that they still possess revolutionary consciousness.

9013

CSO: 4206

## NUMBER OF REFORMATORY INMATES SAID TO DROP

Vientiane SIANC PASASON in Lao 15 Jan 80 p 2

[Article by Thongkham Sirithuman: "Our Comrades' New Life at the Reformatory"]

Excerpts] At Don Thao [reformatory for men] I listened to a report read by a responsible cadre of the reformatory. Part of the report mentioned that over 2,000 inmates who had been afflicted with social evils had been there for reform, but there are only 950 inmates at the present. The majority of those released are now working at various production bases in Vientiane Province, while many returned to their hometowns and many decided to settle down and have families and work here at the reformatory. Several programs of arts and literature, sports and other types of activities have been organized for those on the island, which have enlivened the atmosphere and enabled them to enjoy life and to clearly recognize the guidelines of the party and state, so that they may play a part in building and transforming socialism. We later visited a sewing section (on Don Tong) where the inmates have fully achieved awareness and chosen sewing as their career. Finally, we visited Don Nang [reformatory for women]. I was so distressed I had to hold back tears when I witnessed the women's condition--the condition which is the result of the atrocious and barbarous social evils caused by the imperialist system and the decayed and decadent administration. The regime has poisoned and intoxicated our youth while spreading Western culture to them, thrusting upon them the aimless drifting, obsession and involvement in filth and misery without seeing the reality of the society. As a result, thousands of our men and women became hoodlums and prostitutes, as well as opium and marijuana addicts, thieves and hippies. The lives of these young Lao men and women, consequently, were deeply in the darkness of the decadent and ugly imperialist society without ever seeing a ray of light. Such lives can be compared to a ship that is drifting in a great ocean.

9013

CSG: 4206

## VIENTIANE RESTAURANT SECTOR EXPANDS ACTIVITIES

Vientiane VIENTIANE MAI in Lao 8 Mar 80 pp 1,3

[Text] On 3 March Comrade Khampon Sivavat of the Vientiane Restaurant and Hotel Board, which is subordinate to the Industry and Trade Department of Vientiane City and Province, announced that [they opened their 18th restaurant and cafe] in accordance with Resolution No 7 of the Party Central Committee which considers trade as a link in the chain of the economic system and communications as the focal point for movement to the roots of production, wiping out small-scale production which is filled with nature [as published]

The Vientiane Hotel and Restaurant Corporation raised high its spirit of responsibility for its specialized tasks in improving and expanding shops and restaurants of various types to serve the masses, including all international visitors, foreign experts, and the cadres, military, and people within the country, especially to continuously supply the needs and improve the daily lives of the people of Vientiane.

On 28 February 1980 it opened a restaurant for snacks and drinks on Sam Sen That Road called "Vientiane Hotel and Restaurant Corporation" "Pak Leng Cafe". It has seven employees and is open daily from 0700 to 2100 hours. They sell all kinds of snacks and drinks, whiskey, beer, soft drinks, coffee, cigarettes, and other items to serve international visitors and Vientiane people too.

Up to the present the Vientiane Hotel and Restaurant Corporation has been able to open 18 restaurants and cafes, nine restaurants to serve international visitors, four snack bars and cafes to service both international and local patrons, and five restaurants for the people of Vientiane only. In addition, the Vientiane Hotel and Restaurant Corporation has built two more stores selling industrial goods, which have all kinds of cloth, pots, and other miscellaneous articles useful in daily life, where the cadres provide prompt service.

Now, the cadres and the Vientiane Hotel and Restaurant Corporation workers are determined to expand their business even further. They are building

a third store selling ready made goods at Nong Douang Evening Market and will open it for service before the 25th anniversary of the founding of the Party on 22 March 1980. Along with this they built a large international type restaurant and cafe at the Tha Deua Port to serve merchants and travelers who go back and forth between Laos and Thailand. When completed it will be able to seat more than 500 people. It will be finished by the end of March this year.

9615

CSO: 4206



## PRODUCTION OF DRY SEASON RICE DISCUSSED

Vientiane SIANG PASASON in Lao 13 Mar 80 pp 1, 3

[Editorial: "Be Determined In Taking Care of Dry Season Rice"]

[Excerpts] In the scientific revolution one of the techniques in agriculture, under our party and state policy, is dry season rice cultivation, which is shown in that movement. Our party and state have gradually made our farmers turn from individual scattered farming to the establishment of cooperatives, and from working in only one season to planting their rice fields for two crops, which we call an annual crop and a dry season crop.

Our dry season rice cultivation this year has been conducted vigorously and becomes more widespread each year. According to initial statistics there are more than 2,000 hectares in almost every province and at different levels, regular dry rice cultivation, intensive cultivation, or experimental rice fields. The most outstanding are in Vientiane, Savannakhet, and Champasak provinces. In all these provinces dry rice cultivation covers many hundreds of hectares. The situation of dry rice is generally said to be very good. The rice plants always grow tall and give promise of a fine harvest.

However, this depends on conditions of climate and on the rice fields of our people which change rapidly. They still do not have an adequate irrigation system and ditches sufficient to get water into their fields all year long. They are determined to succeed and take care of the dry season rice fields, an important activity, in which the base-level government authorities and the officials of the local agricultural section should take a deep interest in guiding the people to success. The urgent problem in the dry season rice cultivation now is that of water because this is the season when the heat is doubly great. The streams, marshes, canals, and ponds lack water. Therefore, wherever dry rice is cultivated the government authorities or agricultural section officials ought to inspect carefully to estimate the water available, whether it can meet the need in that area. If they think that any area cannot get sufficient water, they must seek a source of water or prepare the necessary equipment, irrigation scoops, buckets, and pumps. We will mobilize the masses to help if it is necessary.

Besides this we ought to give serious consideration in noting any plant pests that will destroy our dry season rice. If these destructive elements appear, we ought to seek ways of eliminating them promptly and hasten to report to the agencies involved. so we will have an effective means of giving aid. All this is important in protecting the dry season rice. So the government authorities at every level and various officials of the local agricultural sections must give determined leadership to the people in the area. We must do everything possible to save the dry season rice and not allow it to be desiccated, lack water or fertilizer. This would have a bad effect on the harvest and on the morale of our farmers, who will achieve even greater success next year.

9615

CSO: 4206

## HOuai SAI ELECTRIFICATION, AGRICULTURAL DEVELOPMENT DESCRIBED

Vientiane SIANG PASASON in Lao 15 Mar 80 p 2

[Excerpts] Recently I had the opportunity to visit [Meuang] Houai Sai District at the time that the people of [Meuang] Houai Sai District were happily scoring achievements to celebrate the 25th anniversary of the founding of the Lao People's Revolutionary Party and the approaching 5th anniversary of the establishment of the Lao People's Democratic Republic, as well as the successful completion of the restoration of the electrical system in the town of Houai Sai. On this occasion Comrade Somphon Thammavongsai and Comrade Khamfa Khongmanipakon, engineers of the Ministry of Industry and Trade, who helped in the installation of the electrical system, stated that "The installation at this time presented many difficulties. There were few laborers. The equipment and vehicles were old and in short supply. The time was limited." But they affirmed that they received cooperation and help with facilities provided by the government authorities, various sections, and the people of [Meuang] Houai Sai District. This made possible the completion of the installation on time by 10 February 1980. The total construction time was 50 days. The core of the work was the installation of a 100 kilowatt generator, putting up 39 new poles, 1,400 meters of medium voltage cable, 1,600 meters of low voltage cable, and the installation of one 25 kilovolt ampere transformer and one 50 kilovolt ampere transformer.

The result was electrical service through the town, 1,400 meters of electric lines, to offices, state organizations, hospitals, movie theaters, military camps, and connections to 150 homes of the people.

Houai Sai is one of eight district towns subordinate to [Louang] Nam Tha Province. It has a beautiful natural location. It is a mountainous district and is abundant with natural resources. For instance it has gem mines, made famous in the saying "Houai Sai gem mines". The people of Houai Sai engage in mining and depend on the sale of gems in earning their living, which is satisfactory.

The renewal of production began with irrigation construction. Small scale effort was active. They were able to dig irrigation ditches and canals

in several tens of locales. They brought water into more than 200 hectares of rice fields, were able to raise almost 5,000 head of cattle and water buffaloes, and obtained up to 77 tons of forest products from the jungle. The people turned from individual scattered work to form communal groups in the socialist style by establishing four agricultural cooperatives.

9615

CSO: 4206

## PROMOTION OF SENIOR ARMY OFFICERS ANNOUNCED

Kuala Lumpur NEW STRAITS TIMES in English 22 Feb 80 pp 1, 22

[Text]

**SHAH ALAM, Thurs.**

— Nine senior army officers have been promoted — two to the rank of Mejar-Jeneral, four made Brigediar-Jenerals and three to the rank of Kolonel — in an exercise last month.

Two of the promotions were confirmed by the Defence Minister, Datuk Amar Haji Taib Mahmood, here today.

They are Brig-Jen. Mohamad Daud bin Abu Bakar of the 10th Infantry Brigade in Kroh, Perak, and Kol. V N Stevenson, the Deputy Commandant of the Armed Forces Staff College.

Brig-Jen. Mohamad Daud now becomes a Mejar-Jeneral, and he will head the new Territorial Army Division to co-ordinate the expansion of the Territorial Army.

Kol Stevenson, who assumes the rank of Brigediar-Jeneral, will move over to the Army Staff Division at Mindef as its Brigediar-Jeneral, Staff.

It is learnt that the others promoted are Chief of Staff (Mindef), Brig-Jen Mohamad Hashim bin Mohamad Ali who becomes a Mejar-Jeneral.

He will assume his duties as the Chief of Operations at the Army Staff Division (Mindef).

The other new Brigediar-Jenerals are:

Kol. Mahmud bin Yusof, Garrison Commander of Port Dickson, who will command the 3rd Malaysian Infantry Brigade in Kuching, Sarawak;

Director of Infantry (Mindef) Kol. Nik Mahmud Fakaruddin Kamil, who will be Chief of Staff, Planning, after receiving his first star; and

Director of Ordnance Kol. Abdul Rahman bin Haji Khamis who will be the Deputy Chief of Logistics.

**Kolonels**

The three Leftenan-Kolonels promoted full Kolonels are:

Lt-Kol. Sulaiman bin Kudus, who will be the Director of Infantry at Army Staff Division (Mindef);

Lt-Kol. Kalam Azad bin Taib, who will become Deputy Commandant of the Armed Forces Staff College following his promotion; and

Lt-Kol. Hamid Khan bin Kamaruddin, the 2nd Malaysian Infantry Division's new Chief of Staff.

Datuk Amar said the promotions were in line

with a number of changes that were introduced in the Defence Ministry.

Another aim was to maintain professionalism in the army.

Earlier, at the Sri Perwira building at ITM here, Datuk Amar said graduates keen on the military with degrees in relevant fields would be recruited as commissioned officers directly.

**Volunteers**

"We should not leave the defence of the country to Western nations," he said.

"We may not be able to match their military strength, but this does not mean that we should surrender to our enemies."

"At this point in time, we are not able to launch a National Service scheme as we are expanding our regular units," Datuk Amar added.

He said the Reserve Officers Training Unit was formed with this plan in view.

Datuk Amar also said that the reserve units in Malaysia were having difficulties in recruiting officers.

He urged universities and institutions of higher learning to do more to attract suitable candidates.

# AGRICULTURAL SECTOR TO RECEIVE MAJORITY OF WORLD BANK FUNDS

Kuala Lumpur, BUSINESS TIMES In English 13 Feb 80 p 1

[Text]

ABOUT 80 per cent of the loans and advances from the World Bank to Malaysia in the next five years will be channelled to the agricultural sector, Mr Ernest Shern, its Vice President said yesterday.

Mr Shern, in Kuala Lumpur for a two-day visit, said that the greater emphasis in financing agriculture coincided with the bank's aim of alleviating poverty in the rural area. (Presently, the bank's lending to agriculture constitutes some 80 per cent of total).

Mr Shern, who was appointed to his present post less than two years ago, reiterated that there was no shift in lending policies as far as Malaysia was concerned.

The World Bank, he said, would continue to play its role in this country but with more emphasis on poverty alleviation. As far as the bank could see, Malaysia's growth rates have been high and "it is generally showing a good performance," he said.

Mr Shern told newsmen, "Malaysia is quite well developed and does not have much difficulties in dealing with problems as regards infrastructure development.

"But in agriculture, the country shares with other developing countries problems of productivity and low yield. Smallholders, especially, face this problem and the bank considers this as one of the areas calling for improvement," he

added.

Mr Shern will have discussions with the Minister of Finance, Tengku Razaleigh Hamzah, and other senior officials of the Treasury during his stay here.

This, he added, would be part of his programme to get acquainted with government officials besides learning personally the country's development plans.

Discussions with the minister and other officials will invariably centre around the Fourth Malaysia Plan and its strategy, he said.

Mr Shern added that the bank was interested to see how it could help in these programmes and was willing to share its vast know-how and experience with this country.

He added that no definite project proposal would be brought up for review but Malaysia did have some misgivings about some of the conditions imposed by the bank when loans were extended.

These misgivings, conveyed to the bank late last year, centred on the commitment charges payable on loans and the bank's stipulations relating to the rate of return on investment on projects.

These issues might be raised at one of the high-level discussions.

In any case, a team from the bank will be in Kuala Lumpur next week to look into detailed proposals for projects which the bank might be able to finance, Mr Shern said.



## LOAN TO SARAWAK SHELL FOR BINTULU LNG PROJECT

Kuala Lumpur BUSINESS TIMES In English 20 Feb 80 p 1

[Text]

IN A further step in the development of the liquefied natural gas project in Bintulu, Sarawak Shell will be signing today a US\$300 million (\$600 million) syndicated loan to finance the upstream production of both gas and oil.

This follows the signing almost exactly a month ago of a US\$500 million (\$1.2 billion) syndicated loan to Malaysia LNG Bhd, in which Shell Gas B.V., another subsidiary of the Royal Dutch/Shell Group, has a 17.5 per cent stake.

While the Malaysia LNG loan, the biggest ever for Malaysia and one of the largest for Asia as a whole, is to finance the natural gas liquefaction plant in Bintulu itself, the loan to Sarawak Shell is expected to be applied to the construction of the offshore fields in Central Laconia, including all the necessary pipelines.

Two years ago, Shell estimated that it expected to spend a total of US\$1 billion (\$2.2 billion) on gas production, including its 17.5 per cent share in the cost of the LNG plant.

In a statement released in Kuala Lumpur today, the Citicorp International group which led the consortium of 15 major international banks and financial institutions, said the signing of the loan to Sarawak Shell will be conducted in London.

Other members of the syndicated management group are the local giant Bank Bumiputra (which led the Malaysia LNG loan), Morgan Guaranty Trust Company, National Westminster Bank, and Sumitomo Finance (Asia).

Citicorp says repayment of the loan is on a "variable schedule," depending on the borrower's cash flows ex-

pected to be derived from the sale of both oil and gas.

According to earlier reports, the loan for Sarawak Shell is for a term of eight years, with interest fixed at 0.625 per cent above Libor, the London Interbank Offered Rate.

There is also believed to be a provision for extending the period up to another four years, with interest for the additional term at 0.75 per cent above Libor.

This compares with the rate of 0.5 per cent above the London rate obtained for the 10-year Malaysia LNG loan which is guaranteed by the Malaysian government.

The Central Laconia gas fields which were discovered by Shell in 1968 are located some 125 to 275 km off the Sarawak coast.

The gas which will be produced by Sarawak

Shell under a production sharing contract with Petronas in which output will be shared 35:65 in favour of the national oil company. It will, therefore, have to be collected for transfer over a main pipeline to the Bintulu plant.

From some 40 exploration wells drilled by Shell between 1968 and 1973, the fields are found in depths of 200 to 400 feet below sea level, with the reservoirs themselves some 4,000 to 7,000 feet below the sea bed.

Under the production plan, several platforms will be constructed and placed on the sea bed. Up to 15 drillings can then be made from each platform.

The various platforms will be interconnected by pipelines and the gas produced will be treated before transmission to shore via large-diameter sub-sea pipelines.

## WEST GERMANY FINDS NATION A LESS ATTRACTIVE INVESTMENT

Kuala Lumpur BUSINESS TIMES In English 22 Feb 80 p 6

[Article by Joe Hernandez]

[Text]

SOME rather surprising views prevail in the West German Embassy in the beautifully quiet enclave of Kuala Lumpur's tree-lined Peniaran U Thant. One widely prevalent notion, for example, is that Malaysia is not too important a country in Asia from Bonn's standpoint.

Explains commercial attache Helmut Holzheuer candidly: "It must be remembered that West Germany does not have the same kind of historical interest in Malaysia that Britain or for that matter the Commonwealth has."

Mr Holzheuer's basic premise is that from the three key aspects of investment, aid and tourism, West Germany's role in Malaysia is relatively insignificant. A case in point is said to be investment which now totals less than \$50 million.

"Because of its limited domestic market potential, Malaysia does not offer by comparison an attractive investment area for German capital and technology," adds Mr Holzheuer.

And at a time when Kuala Lumpur is pushing hard for more foreign investments, such views do not make matters any easier, especially for officials at the Malaysian Industrial Development Authority (MIDA).

Still, not everything looks bleak in the Holzheuer analysis of the German-Malaysian relationship.

At least from one im-

portant angle — that of visibility — West Germany does maintain a very high business profile in Malaysia.

Many of the 43 business concerns operating in the country read like an extract from a "Who's Who" of the German corporate establishment. While the history of almost all of them is fairly recent, there is the occasional old-timer like Behn Meyer which came to Singapore in 1840 and later wandered north across the causeway.

With the agencies of almost 60 international firms to its credit, Behn Meyer deals with the import and local distribution of a wide range of products. Its activities range from chemicals, dyestuff and pharmaceuticals to photographic articles and office equipment.

The office of the managing director, Mr A.P.O. Thomas, estimates that almost 25 per cent of the German-Malaysian trade is handled by Behn Meyer alone every year.

But this proud facade of achievement belies the extreme caution with which Behn Meyer is charting its future course of action in Malaysia's investment field.

As one insider confided: "After having seen some really big business giants fall victim to Malaysianisation, Behn Meyer is wary of anything to do with the future in Malaysia. You can say that we are anxiously waiting to see which way the wind

blows before doing anything definite."

Also prominent among West German firms in Malaysia are Bayer Hoechst, Lufthansa, Schmidt, Schindler, Siemens and Staedtler.

The Embassy estimates the \$5 million Siemens plant as the single biggest German investment in Malaysia. Situated in Malacca's Batu Berendam Free Trade Zone, the plant is almost wholly in the business of manufacturing semi-conductors.

As a FTZ project and 100 per cent export-oriented, the plant has qualified for 100 per cent foreign ownership. Under normal circumstances, Malaysia's New Economic Policy and the Industrial Coordination Act demand a more balanced ownership structure: 30 per cent foreign, 30 per cent bumiputra (natives or sons of the soil), and 40 per cent other Malaysians.

Not so happy is the case of Molina Industries, a joint-venture textile operation between German interests and Malacca's State Economic Development Corporation. After numerous arguments with the officials over worker-recruitment and management policies, the German party decided to pull out abruptly.

By the time the Germans made their decision, the business was so deeply in the red that they decided to make a gift of the whole plant to

the Malacca government.

The Malacca SEDC kept the textile business going for some time before disposing of it wholly to local businessman Tan Sri Kishu Jethanand.

Banking remains the weakest link of the German business community in Malaysia, and Mr Holzheuer attributes this to the late expansion internationally of German banks.

European Asian Bank of Hamburg, the only existing German bank in Malaysia, first set up a branch in Kuala Lumpur in 1972 and remains essentially a one-branch operation.

A year later came Aseam Bankers, a merchant bank in which the Dresdner Bank of Germany has a 5 per cent stake. A plus-point here is that Aseam Bankers is one of Malaysia's biggest and most profitable merchant bank with assets of \$138.4 million.

Recently, the bank was in the news for floating what was then the biggest loan, a massive \$475 million to Malaysian Oriental Holdings, a paper company of the Sime Darby Group of Kuala Lumpur.

As a result of the poor representation of German banks in Malaysia, local branches of companies tend to rely on their parent firms for most of their funding requirements.

Trading has always been the brightest patch in the German-

Malaysian link. A glance at the latest statistics by the Statistics Department in Kuala Lumpur indicates that West Germany now ranks as Malaysia's sixth most important trading partner.

Among Malaysia's EEC trading partners, West Germany ranks second only to the United Kingdom.

As in the case of all trading relations between developed and developing nations, the flow of goods from Germany to Malaysia has mainly been in the form of machinery, transportation equipment and motor vehicles, chemicals and pharmaceuticals and other manufactured goods.

The return flow from Malaysia has been mostly made up of rubber, timber, palm oil, tin and some semi-manufactured products.

Apart from the business aspects of the German connection in Malaysia, Bonn does provide a limited amount of aid to the country. Such aid commitments are somewhat qualified by the German view that Malaysia is "too developed" compared with some other Third World nations to merit direct aid in the form of outright grants or soft loans.

Still, some German experts have been seconded to various Malaysian bodies for short-term periods ranging from one year to three years.

Besides this, Germany is currently involved in

two important schemes in the country's often overlooked eastern wing.

The first involves a three-year survey of the geological resources of Sabah in conjunction with the Malaysian Geological Department; the other is the hydro-electric power survey of the Pelagus Rapids in Sarawak.

One proposal being considered is the transmission of power from Sarawak across the seabed of the South China Sea to Peninsular Malaysia.

If this materialises, the proposed Asean power-sharing scheme between Thailand, Malaysia and Singapore is also expected to be given a tremendous boost.

Tourism remains the poorest component of West Germany's link with Malaysia. Tourism Development Corporation of Malaysia figures show that West Germans usually visit Penang Island. As Mr Holzheuer explains: "Our tourists are more keen on Thailand, of course, for obvious reasons."

In retrospect, it seems that there are far more complex reasons for the lack of interest shown by German tourists in Malaysia.

While much is often made of the "puritan" Islamic character of the nation, there is general agreement among travel writers that this in itself is not sufficient to inhibit the development of Malaysian tourism. — Depthnews

## SURVEY OF 1968-1978 EXTERNAL BORROWINGS

Kuala Lumpur BUSINESS TIMES in English 26 Feb 80 p 20

[Text]

THE launching of the Third Malaysia Plan — the largest five-year plan ever adopted by the government — had resulted in a large increase in Malaysia's net external borrowing.

When the plan ends this year, the government would have spent an estimated \$20.42 billion, of which \$6.34 billion will be made this year.

The American Express Bank's recent survey of the external debt of Asean countries noted that there had been a sharp increase in the external debt of the Asean five in the Seventies.

Compared with Indonesia, the Philippines and Thailand, Malaysia's external debt is small. According to Amex Bank, Malaysia's debt service payments during the decade ranged between two and nine per cent of the GDP.

An analysis showed that between 1968 and 1978, the country had obtained \$6.3 billion in foreign loans compared with \$14.9 billion raised domestically.

Statistics from the 1980 Budget estimates show that throughout the period, 145 external project loans were obtained, about 30 per cent from Japan, which extended 41 loans totalling \$716 million through the Export-Import Bank (and other participating

banks) and the Overseas Economic Cooperation Fund.

Almost half the external project loans were in US dollars. Of the 71 US dollar loans, eight per cent were US government loans largely for the purchase of aircraft while 80 per cent were institutional loans from the Asian Development Bank and the World Bank, largely for highway construction, education, urban transport projects and agriculture.

There were three interest free loans during the period: a 1968 UK government loan for \$127.7 million; a Danish government loan of \$12.2 million during the same year and a \$911,000 loan for planning the national airport from the Canadian government in 1970.

Thirteen loans obtained during the late Seventies have not been used yet: nine of them US dollar loans. These are for the second Pahang Tenggara project (\$44 million), the Sabah water supply project (\$37 million), the national extension project (\$46 million), the northwest Selangor agricultural development project (\$61 million), another agricultural development project in Sungai Manik (\$61 million), a coconut smallholding project (\$44.9 million), a Felda land settlement project (\$66 million), the second

population and family health project (\$40 million) and the Trengganu Tengah township development project (\$37 million).

There are two unused Deutschmark loans and two Saudi Arabia riyal loans. The West German loans are for a railway signalling telecommunication system costing about \$4 million and for a telecoms development project of about \$30 million.

The unused Saudi Arabian loans are for a \$41 million Ulu Kelantan land development project and a \$36 million loan for the Universiti Kebangsaan.

Of the US dollar loans, six were provided by the US government while 28 were given by the ADB and 80 by the World Bank.

Interest rates ranged from two per cent to nine per cent. There were four each of Canadian dollar loans totalling \$43.7 million and sterling loans totalling \$151.6 million. French franc loans came to \$30.6 million, Saudi Arabian, \$184 million, West German, \$205.6 million, US dollar, \$2,900 million.

One loan each was provided by Australia (\$7.2 million), the Netherlands (\$1.9 million) and Austria (\$2.7 million). Kuwait extended two loans totalling \$80 million.

## OIL EXPLORATION, DEVELOPMENT PROGRAM APPROVED

## Petronas Operations

Kuala Lumpur BUSINESS TIMES In English 23 Feb 80 p 1

[Article by A. Kadir Jasin]

[Text]

OIL contractors working under production sharing arrangements with Petronas are expected to spend more than \$1 billion on exploration and development this year.

This expenditure has been provided for in a work programme approved by the national oil company in accordance with terms of the production sharing contracts signed at the end of 1978.

A Petronas spokesman confirming this said that Ekso Production Malaysia Incorporated would be allowed to spend \$500 million, Sarawak Shell \$440 million and Sabah Shell \$180 million.

EPML, which operates offshore Peninsular Malaysia and Sabah, will drill 27 exploration and production wells and establish two more production platforms while the two Shell companies will drill 13 wells and establish one platform and three jackets.

*Business Times* understands that, with the additional investments, Malaysia's oil production may increase from the present average of 300,000 barrels a day to over 320,000 barrels, taking into account that a number of the existing wells will decline in production.

At this level of investment, the petroleum industry may once again emerge as the sector ac-

counting for the highest amount of new investment. According to the Treasury Economic Report 79-80, some \$1.2 billion would have been spent last year, doubling the 1978 level.

The national oil company is also believed to be making good progress in other areas of operation. Its wholly-owned exploration and production subsidiary, Petronas Carigali, is expected to commence development drilling of a gas field in the middle of the year in an area it acquired from Continental Oil Company (Conoco) off the coast of Trengganu.

It has engaged the British National Oil Corporation (BNOC) as advisers in the project. Details of the development are not immediately available but it is believed to be linked to the proposed gas-fired 450 MW power plant at Paka in south Trengganu.

Petronas Carigali is also making progress in a plan to establish a joint-venture company with Oceanic and British Petroleum to explore and develop an offshore area to the north-eastern shore of Sabah.

An operating agreement involving the three companies is expected to be signed in April followed by a production sharing agreement be-

tween the joint-venture company and Petronas. The plan forms part of Petronas' programme to offer more areas for fresh exploration and subsequent development.

Petronas chairman and chief executive Tan Sri Abdullah Salleh, speaking in Chengmai at the end of last year, said while Petronas was encouraging more intensive exploration activities through its subsidiary, Carigali, it was not closing its mind to the participation by other oil companies.

In the downstream sector, the 1980s will see Petronas making its presence felt by a wider section of the community. Last year, in an attempt to stabilise the diesel and kerosene market, Petronas established its own retail outlets.

To date it has established 13 temporary diesel and kerosene dispensing centres. Plans are under way to establish permanent stations to enable it to sell inflammable products like petrol.

In addition, it also makes bulk sales of diesels to the Fisheries Development Authorities and the National Electricity Board.

Petronas is currently supplying aviation fuel at the new Penang international airport and Senai in Johore. It is develop-

ing a modern aviation fuel dispensing system at Subang to cater for the enlarged airport.

It is understood that Petronas will be given the priority to establish a modern aviation fuel dispensing network at all new or enlarged airports. Similar priority is also being given in the case of seaports.

The national oil company now supplies bunker oil at Pasir Gudang in Johore and Port Klang. The next port to be served by the company is expected to be the Port of Kuantan.

Planning is also in progress for the establishment of a 30,000-barrel a day refinery in Trengganu, which is scheduled to come on stream either next year or in 1982, and a larger refinery for 1985.

On the question of the transfer of technology, the spokesman said Petronas was satisfied with the effectiveness with which it is being done, bearing in mind that the company itself is only five years old.

While it encounters no problem in buying foreign technology, it has some problems in acquiring the right type of experienced staff. To boost its manpower capability, the company last year alone spent \$3 million on scholarships, including 7A for higher education.

Asiatic Petroleum NEW DISCOVERY FIELDS IN BRITISH Borneo Feb 50 p 10

[12 of 12]

**Miri, Thura.** — Seven new oil fields have been discovered in Sabah and Sarawak over the past two years.

Shell companies operating in the two States identified the fields as *Saltah, Ji, Baram-South and PET*, in Sarawak waters, and *Ketam, Lokom and St Joseph Plank* in Sabah.

The amount of oil reserves in the new fields however, is still not known.

It was also learnt that the two Shell companies — Sarawak Shell Berhad and Sabah Shell Petroleum — drilled a total of 28 wells in their search for new reserves during the period.

Shell has seven existing oil fields off Miri

and Bintulu in Sarawak's Fourth Division and two others in Sabah waters.

Current daily production in Sarawak is around 100,000 barrels while Sabah produces 70,000 barrels a day.

In addition, in the Miri field recently, drillings on land showed the presence of additional oil in suspended fields.

Extensive pumping tests are being made at Miri oil to determine the most suitable method to recover the oil.

Drilling on land was suspended in 1972 with the discovery of comparatively vast offshore reserves. — Bernama.



## NATIONAL RICE CONFERENCE MEETS IN KUALA LUMPUR

## New Production Strategy Needed

(The Japan Times, TIMES in English 27 Feb 80 p 1)

(APRIL 11 By Gordon Kent)

(KUALA)

THE prospects for attaining self-sufficiency in rice in Peninsular Malaysia are not good unless a new strategy is developed to increase productivity in the existing padi areas.

Datuk Arshad Ayub, Secretary General, Ministry of Agriculture, said yesterday this is because it is unlikely that double cropping can be brought to all padi areas or that new padi lands can be opened up in the peninsula in view of the massive investments and capital costs involved.

In a keynote address to participants of the National Rice Conference in Kuala Lumpur yesterday, he added: "To achieve self-sufficiency by the year 2000, it is necessary to plant a total of 2.98 million acres to produce the 2.78 million tons of rice required by the population."

However, at the present moment it does not matter very much whether the policy is 90 per cent or 100 per cent self-sufficiency. What is important is the need to increase rice production to feed a population that is growing by about 2.2 per cent a year and assuming there is no change in the pattern of food production," he added.

He pointed out that there was no new land available

for padi cultivation was limited, expansion of production would be dependent upon the more intensive use of existing land.

Attention should be given to the low yielding "depressed" rice areas in the country and further intensification of rice cultivation in the high yielding areas like Muda, Kemubu and Tanjong Karang.

He added that as a strategy, padi producing areas with potential for high productivity should be demarcated into zones for intensive development.

Within these zones, a series of integrated programmes could be launched to establish co-ordinating machinery for each of the zones, establish a detail inventory of the physical infrastructure including roads, irrigation, drainage, transportation facilities, marketing, storage and processing.

Within these zones efforts can also be made to increase technical competence and managerial expertise of the small farmers through large scale projects, farm record keeping exercises and farm surveys, local v. c. p. - i. fication, demonstration trials and individual farm advisory programmes and also in

stitute research on a continuing basis within the zones to solve local problems and raise the production potential.

Datuk Arshad said that the farmers are not likely to accept double cropping unless it was profitable for them to do so. Research, therefore, should be based on specific locations so that a better understanding of the requirements of the area is obtained.

In view of this, "an open door research policy" should be adopted which places emphasis on the farmers and farm level research.

Referring to the research on rice, he said that though it had contributed considerably towards higher yields per acre there was still a wide gap between what the farmers are getting and what was possible.

He said that many farmers were still not accepting the new technology as recommended by MARDI. He pointed out that for it to be accepted "it must be proven, not on the research plots, but more importantly on the farmers' land under the limited conditions and inputs that farmers are accustomed to."

Datuk Arshad said recommendations useful for one agro-climatic zone may prove to be impractical in another, hence a

general recommendation for padi, nation-wide, "is as good as no recommendation at all."

It is important, therefore, that specific details be spelt out when recommendations are made on padi strains. He expressed disappointment that, despite the priority given to padi production, these fundamentals of agronomic practices were not already available.

He said that there should be specific recommendations for Malacca, Tanjong Karang, Krian, Sungai Manik, Negut and all the other major padi areas.

In the absence of such recommendations, the potential of padi production in the areas would not be attainable.

It has been agreed that there should be a National Seed Assessment Committee as well as a regional Seed Assessment Committee. These would be responsible for assessing the suitability of any new seed to be introduced in the region.

Datuk Arshad hoped that these committees, besides their stated roles, would go a step further and ensure that weaknesses still existing in the research and dissemination of new recommendations would be overcome.



While he acknowledged that the capacity of agricultural credit to serve as an instrument of capital formation is limited, Encik Rahman stressed that for sustained increases in investment, the primary supply of capital must be derived from internal (on-farm) increase in capital formation and savings.

"This total farm approach would not only increase the farmer's total farm income but would also effect a more efficient utilisation of the farm resources particularly land and labour," he said.

## NEPAL

### BRIEFS

MINISTER RESIGNS--Kathmandu, March 22--Mrs. Kalpana Bista, assistant education minister, resigned yesterday "on grounds of health," Radio Nepal announced last night. The announcement said King Birendra had accepted her resignation which was forwarded to him by the Prime Minister, Mr. S. B. Thapa. Mrs. Bista's resignation followed an "official faux pas" when at a Soviet embassy-sponsored photo exhibition on the arrangements for the Moscow Olympics she read out a written speech which hinted that Nepal was to take part in the Olympics. This caused a stir in Kathmandu and within 24 hours after the speech, the education ministry withdrew the story put out by the official news agency as "not conforming to the actual speech and therefore to be misleading." The upshot of it was that Nepal appeared to keep its options open on whether or not to participate in the Olympics. Some Nepalese newspapers had demanded Mrs. Bista's resignation. [Text] [Bombay THE TIMES OF INDIA in English 23 Mar 80 p 1]

CSO: 4220

## FIFTY-ONE YEAR THIRD RESEARCH VOYAGE TO ANTARCTIC

Article in THE NEW ZEALAND HERALD in English 24 Mar 80 p 3

*[Image]*

**New Zealand-born mariner and adventurer Dr David Lewis is planning another economy-class research expedition to the Antarctic.**

Dr Lewis, aged 62, has returned to New Zealand from his Sydney base for a two-week promotion of his latest book, "Voyage to the Ice". He will speak on his studies of traditional Polynesian navigation at Auckland University on Wednesday.

Dr Lewis has made two voyages to Antarctica.

The first time was single-handed in the yacht Ice-Bird.

The second voyage was more comfortable, with six men and a New Zealand woman, Mrs Dorothy Smith, on board the Solo, an 18-metre steel-hulled sloop. The expedition, in which the Solo

is holed by an ice floe, is recorded from the crew's diaries in "Voyage to the Ice".

The solo research trip to the Antarctic, he said, proved the economy of a small-scale expedition, costing \$22,000 for three months.

"From that have come six scientific papers, a book, a film and the discovery of an unknown anchorage now officially called Solo Harbour," said Dr Lewis.

Now his Oceanic Research Foundation is planning another voyage to Antarctica in a new boat. It will cost more than \$200,000 and have a steel hull of submarine strength. The Douglas Mawson will carry sail to save on the cost and bulk of fuel.

"Wind is one thing we don't go short of at the Antarctic," he said.

The Oceanic Research Foundation has already been approached regarding several projects that could be carried out on the next summer expedition.

These include a study of krill populations, a shrimp-like food for whales and seals.

*[Image]*

## INDUSTRIAL DEVELOPMENT'S MINERAL PROSPECTS IN ANTARCTIC

APRIL 1981 THE NEW ZEALAND HERALD in English 3 Mar 80 p 1

**File 17** A heavy build-up of scientific activity in the Antarctic is aimed primarily at mineral exploitation and is likely to result in a full-scale hydrocarbon search within five years.

And if prior agreement is not reached on questions such as Antarctic sovereignty rights and royalties for oil or gas production, a claim-jumping scramble could result.

This view of the continent's future was given in Auckland yesterday by the superintendent of the Antarctic division of the Department of Scientific and Industrial Research, Mr R. B. Thomson.

A build-up of activity had already begun, he said, against the background of an ever-diminishing source of known hydrocarbon reserves.

Australia, Japan and the Soviet Union had noticeably increased their Antarctic presence and the United States was maintaining its already high level of activity.

### Oil Finds

Some of the research was directed towards future harvesting of marine resources but an increasing amount was aimed at minerals and finding out what Antarctica had to offer.

Mr Thomson said the possibility of oil or gas finds was considered quite high and the two most likely areas were the Ross Sea, near New Zealand's Ross Dependency, and the Weddell Sea, where a number of countries had bases.

A hydrocarbon search would not begin immediately, he said, and the work to date was largely theoretical.

But by the mid 1980s, I think we will see quite a lot of activity directed towards major offshore exploration, said Mr Thomson.

### North Sea

The required technology was already available, he added, and whereas in the past there had been no known techniques for drilling in ice-infested waters, this was no longer the case.

New methods had been tried and proven in comparable locations such as Alaska and the North Sea.

Mr Thomson said that if significant discoveries were made, there would be an inevitable impact on the

Antarctic environment. It was vital that rules be established before any exploitation began to ensure the impact was kept to a minimum.

## Handicap

The Antarctic Treaty was the basis for such an agreement but it needed additional clauses to deal with the rapidly changing question of minerals.

An expanded treaty would be binding on member countries and its provisions could then be extended to nonmembers.

If a country did not adhere to the rules, permission for the use of southern region ports and other facilities could be withdrawn, imposing a major handicap on any exploitation programme.

On the question of New Zealand's effort in Antarctica Mr Thomson said there were no plans to follow the lead of some other countries.

The Antarctic programme had been one of consolidation rather than rapid increase and had included such projects as the reconstruction of Scott Base.

New Zealand did not intend to follow the Australian example of extending an exclusive economic zone to the continent—even though restrictions associated with the Australian zone had been left in abeyance.

Mr Thomson said New Zealand had reserved the right to impose a zone some time in the future.

# ANTARCTIC'S ROSS SEA OIL FIELDS MAY RIVAL IRAN'S

Wellington: THE EVENING POST in English 13 Mar 80 p 25

[Report by energy reporter Mike Field]

[Text] Oil fields beneath the Ross Sea in Antarctica may rival those of Iran for size, according to the director of the Victoria University Antarctic Research Centre (Dr Peter Barrett).

Dr Barrett, in a statement from Victoria University, said that extracting the oil did not pose any special problems.

Any accidental leaks or spills during extraction or shipping could have disastrous consequences for Antarctic ecology, however, he said.

Victoria University has been closely involved with a drilling programme designed to find out what resources are locked up beneath the Ross Sea, an area claimed by New Zealand.

"From a technical point of view it's hard to see special problems in developing such a field. The Great South Basin is deeper and stormier, the Labrador Strait has more

icebergs and the sea ice in the Cook Inlet is as thick and moves faster.

Possible catastrophes include collisions between an iceberg and a tanker releasing up to 250,000 tonnes of oil into the ocean ruptures of well-heads or pipelines by icebergs or sudden ice movements, and blowouts during drilling.

"Development and transportation costs were assessed in 1976, and it was estimated that they would be comparable to other fields in high latitudes."

Dr Barrett says that geologically the prospects for finding hydrocarbons under Ross Sea are reasonable, but a proper survey of the area would require several summers of shipborne surveys followed by perhaps four drill holes costing about \$40,000,000 each.



## CALL FOR AGRICULTURAL REVOLUTION

Karachi MORNING NEWS in English 9 Apr 80 pp 1, 8

[Text] President General Mohammad Zia-ul-Haq today emphasized the need for bringing about an agricultural revolution in the country at the earliest to make the national economy self-reliant.

He was inaugurating a symposium on "water resources development strategies for optimum agricultural production," organized by WAPDA at the WAPDA Auditorium here.

The President said that strengthening of the rural economy was essential at the same time to better the lot of country's over 70 percent population living in villages.

He regretted that many of the areas of the country which were previously considered as granary of the subcontinent had now become deficient even to meet the country's own requirements and Pakistan had to look towards others for feeding its population.

### Assess Reasons

President Zia-ul-Haq emphasized that there was a need to assess the reasons as to why the production had declined and Pakistan had to import foodgrains from other countries when it had vast resources, sufficient skill and enough manpower to boost its agricultural produce.

More than anything else was needed a process of thinking to set the goals by casting new strategies and fixing new priorities, he said, adding it would lead to make the people clear about the goals they had to achieve for the progress and prosperity of the country.

The President said there was a need for consistency in thought and action as mere plans would not serve any useful purpose. Mere reliance on God's will without any practical efforts was not going to yield any concrete results. "God has ordained that He helps those who help themselves."

## **Economic Backbone**

President Zia-ul-Haq said agriculture was the backbone of the country's economy. Its economy could not improve without strengthening agriculture. Many other countries possessed vast resources such as gold, oil and minerals whereas Pakistan was not as fortunate as them.

He said there was sufficient land and enough resources available in the country and if they were harnessed fully, Pakistan could not only feed its own population, but could also export its agricultural produce to neighboring as well as distant countries. Besides strengthening the country's economy, the Pakistanis could serve the humanity elsewhere by feeding hungry mouths.

The President emphasized that the country's vast potential, its requirements, resources and manpower should be seen in totality and then a plan be formulated for revolutionizing the agriculture in Pakistan.

While giving his approval in principle to a master plan prepared by WAPDA to develop water resources in the country, the President hoped that the participants of the symposium would consider this plan at length and then submit their proposals to the Government for consideration. The participants should also dilate on strategies for its implementation and the finances required for its execution.

## **Water Resources**

The President said the development of agriculture without the development of water resources could not be imagined as they were correlated.

He said Pakistan had 4.75 crore acres of agricultural land of which 3.45 crore acres was fed by canal water while the remainder depended on rain water. The production was less than the need of the population. The change, which had occurred in Pakistan in the shape of decline in production, was a matter worth serious consideration by the agricultural experts and scientists.

The President said it was highly gratifying that due to God's blessings and efforts of the Government for the development of agriculture encouraging signs had started to emerge during the last two or three years. During the six-year period up to 1977, the pace of progress in the field of agriculture was hardly 1.5 percent whereas the population was increasing at the rate of three percent per annum. As a result of the new policies, the pace of development in the field of agriculture went to 4.2 percent per annum during the previous two years, while it was likely to be six or seven percent this year.

President Zia-ul-Haq said there had been a considerable progress towards boosting production of three main crops wheat, rice and cotton.

## Wheat Target

The President said with God's continued blessings, Pakistan was sure to achieve its wheat production target this year which was considerably higher than last year. Even this would be insufficient to meet the country's internal requirements. Last year, Pakistan spent Rs. 300 crore in foreign exchange for importing wheat from abroad and this year the amount was likely to come down to Rs. 100 crore.

He said rice and cotton crops had also been fine which helped the country earn substantial foreign exchange through their exports besides meeting the domestic requirements.

The President said he would not consider the situation happy if the country had to export some of its major crops merely to earn money for importing another major crop to meet the requirements of the people. Pakistan needed every penny of foreign exchange for its development in all fields of human activity and could ill-afford to spend huge sums of money for importing wheat every year.

Positive steps, he said, would have to be taken as expeditiously as possible to attain self-sufficiency in wheat to save precious foreign exchange. Pakistan was still lagging behind other countries in the industrial field. For the prompt and overall development in the industrial sector, the development of agriculture was a 'must' as many of the industries in Pakistan are agro-based.

## Revenues

President Zia-ul-Haq said that one-third of the country's revenue came from agriculture and that two-thirds of the total foreign exchange earnings of the country depended on the exports of agricultural produce. Lack of proper attention towards promotion of agriculture would thus give a serious setback to the national economy, he warned.

Stressing the need for proper measures to tackle the twin-menace of water-logging and salinity, the President said they were eating away the most fertile areas of the country like tuberculosis.

According to estimates, one-third of the cultivated area and one-fourth of the cultivable area were under the direct hit of this menace. If proper plans were not conceived and executed expeditiously, all the benefits that might be derived from the plans for development of water resources would become meaningless.

The President said the situation was such that there was a fear of some of the most fertile lands in the Punjab and Sind turning into lakes if proper remedial measures were not taken immediately.

Referring to a report by international agencies in which it had been stated that Pakistan and Thailand were the only two countries in the region which had a potential of not only feeding their own population, but also exporting their agricultural produce in the 1980s.

The President said it all the more highlighted the importance of adopting revolutionary measures of boosting agricultural production in Pakistan. It called for better ways of cultivating the land and adoption of effective schemes for water resources development.

#### Master Plan

President Zia-ul-Haq said the participants of the symposium should devote their fullest attention to the master plan prepared by WAPDA. He hoped that it would be a realistic one and must have kept in view the economic and financial resources of Pakistan.

While underlining the importance of relying on country's own resources in implementing such a plan, the President said the participants of the symposium must also conceive the ways of generating resources from within the country. They should try to minimize dependence on others even if it called for a sacrifice in any manner by the people themselves.

He said the participants, during their deliberations, should try to find answers to the seven basic questions relating to the development of agriculture and water resources.

These are:

- The agricultural problems in relation to water resources;
- The priorities in respect of methodology to solve agricultural problems;
- Entrusting matters in respect of agricultural development to the appropriate sectors;
- The money requirements and resources for generating finances;
- Will the gains be proportionate to the investment?
- Effecting economy in creating new water resources, and
- What measures are necessary for overcoming the problem of waterlogging and salinity.

#### Gratitude to IBRD

The President expressed his gratitude to the World Bank, UNDP, US-aid and the Ford Foundation for extending their cooperation to Pakistan in developing its agriculture, and hoped that the representatives of these organizations, participating in the symposium, would also actively contribute towards finding answers to the seven basic questions listed by him.

President Zia-ul-Haq richly complimented the Pakistani farmer for putting his heart and soul into his work to increase agricultural output. The Pakistanis going abroad and serving other countries had won great admiration for their hard work and their contribution in the development of other countries.

There was hardly any other developing country which had not acquired the services of Pakistanis either as an adviser or an ordinary worker for their development in the field of agriculture, he said.

The Pakistani experts, who might have gained any knowledge outside Pakistan, should try to communicate their experiences to their Pakistani brethren whenever they happen to visit Pakistan, he added.

The President also called for integrating research with experience at the country's agricultural universities and the research institutes.

Research, he regretted, was unfortunately so disorganized now that its concrete results could not reach the farmers end.

General Zia-ul-Haq said that the process of evolution adopted by the Government was designed to create revolution not only in the matter of development of agriculture but also in approach, methodology and thinking of the people.

He said concerted efforts were needed in which everybody contributed his share to make the country self-sufficient in its food requirements. The problem in the past had been that there had been lack of unity in thought and action of the people.

The President said he hoped that the WAPDA would contribute its due share towards the development of agriculture and provide the necessary direction to the people as before. He expressed his satisfaction over the work done by WAPDA and said that it would prove to be a standard bearer in taking the people towards their destiny.

The President said the conditions and the climate had been favorable during the last few years and hoped that if they continued for another year the country would be able to make a considerable headway in attaining self-sufficiency in wheat. Pakistan would then be able to stand on its own feet and make resolute headway towards becoming a true, Islamic welfare state.

CSO: 4220

## PAKISTAN

### LEAK THE KOTRI POWER STATION

Karachi MORNING NEWS in English 15 Apr 80 p 4

(Text) Pakistan has signed a loan agreement for 2.4 billion yen with the Overseas Economic Cooperation Fund (OECF) of Japan for the implementation of Kotri power station extension project according to information received here today from Tokyo.

Ambassador Qamarul Islam signed the agreement on behalf of the Pakistan Government and the President of OECF Mr Kaneko Ishihara for the Overseas Economic Cooperation Fund.

The loan will be used by Pakistan for purchase of eligible goods and services necessary for the implementation of the project from eligible source countries listed in the agreement.

It is based on the exchange of notes between the two governments on December 26, 1979 governing Japan's financial assistance to be extended to Pakistan. The final disbursement of the loan has to be made by Pakistan before March 27, 1985.

The loan carries an interest rate of 2.75 percent and is repayable in 30 years with a grace period of 10 years in equal installments starting on March 20, 1990.

FMRI 4220



## BRIEFS

EDUCATION STATISTICS--Lahore, 2 March (PFI)--The education secretary of the governor of Punjab, Z.A. Hashmi, has asked officials of the department of education to make maximum use of all available resources and buildings in order to increase educational opportunities. The lack of such effort will adversely affect progress in other areas. He was addressing a symposium of educators and education officials in Wahdat Colony. While describing the country's educational state of affairs, he informed them that only 42 percent of eligible children in Pakistan are admitted to schools. Of these, 60 percent leave school before completing primary education, and only 15 percent finish middle and high school education. Only a few students who finish high school ever enter a university. There are 65 million illiterate persons in the country and this number grows by 1.5 million annually. [Text] [Karachi JASARAT in Urdu 3 March 80 p 6] 7997

MUNICIPALITIES DISCUSS DOMESTIC PEACE--Islamabad 5 March (APP/PFI)--The two-day national convention of municipal committees began here today in the National Assembly Hall. In its first meeting, Maj Gen Jamal Said Nian, federal minister of local government, addressed the participants and proposed establishment of a committee to integrate activities of municipal bodies for fostering peace in the country. This committee will be composed of federal, state, and local municipal delegates. He said that municipal bodies can play an important role in the establishment of peace and civil defense. He added that at this convention basic plans should be formulated and decisions made on the future course of action. Ghulam Ishaq Khan, federal minister of finance, addressed the convention after the minister of municipal committee. The finance minister said that the country's municipal organizations will be a cornerstone of the country's political and economic stability. He further said that due to the present state of affairs, an increase in defense expenditures is imminent. Nian proposed that a committee be set up to coordinate municipal efforts to establish peace in the country. [Excerpt] [Karachi JASARAT in Urdu 6 March 80 p 1] 7997

TECHNICAL ASSISTANCE FOR MINERALIA--Karachi, 1 March (APP)--The government of Sindh has requested the Investment Advisory Center of Pakistan to negotiate a partnership with or a loan of 4.1 million Dollars from Arab countries for industrial plans in Sindh. It is hoped that Pakistan will provide technical assistance and machinery parts for these plans. [Text] [Karachi JASARAT in Urdu 4 Mar 80 p 1] 7997



UNIVERSITY SEATS FOR BALUCHIS--Quetta, 3 March (APP)--Lt. Gen. Rahim-ul-Din, Governor of Baluchistan, has approved a new policy for admission of Baluchis to 59 reserved seats in various colleges and universities of the country. [Excerpt] [Quetta JANG in Urdu 4 March 80 p 1] 7997

TARBELA TEXTILE STATUS--The Tarbela Textile Mill being set up by the Pakistan Industrial Development Corporation in Hazara district; is expected to commence trial production in September this year; it was learnt here yesterday. The mill was 25000 spindles is estimated to cost Rs. 122.30 million with a foreign exchange component of Rs. 35 million. After completion, it will manufacture about 5 million lbs cotton yarn of 20 counts and over 3 million lbs of 30 counts. The object of setting up the mill is to provide job opportunities to about 900 persons of the region. The mill is being established with the technical and financial assistance of the People's Republic of China which had supplied plant and machinery for the project. [Text] [Karachi MORNINE NEWS in English 17 Apr 80 p 5]

CSD: 4220

**PHILIPPINES** Finance Minister Cesar Virata has named the country's budget deficit for 1980 as the worst in 100 years. He said the deficit will exceed the value of the country's exports of all imports and that the balance of payments deficit will be narrowed.

Harold Rogers said last night. Mr. Rogers said the January report performance was already much better than at the same time last year. Harpings were being fueled by rising prices for two of the country's prime commodities, copper and sugar, while the increase in gold prices was also helping.

The investment in real estate earnings is more than the investment in oil, gas and coal. Mr. Vireo said.

Last year the Polys  
spent about \$100  
million on all exports —  
nearly twice what it  
spent in 1970.

Mr. Virata said the largest balance of payments deficit could be lower than the US\$270 million estimated at the start of the year because of the improving export price situation. Full re-estimation of estimates had not yet been completed.

But the loss of 15 jobs  
from faculty temporary pay  
for the 1990-1991 year, he said.

Last year the country ended with a deficit of \$182.6 million, compared to a \$188.6 million deficit in 1974.

"In past marriages dissolved by January regulations, my client is just one ahead of last year's and I think with the continued improvement of the price of copper, gold and silver, our marriage will be much better," he said.

Good! We found the right place.

**MANILA, Feb. 27**—Because of the increased defense spending and armaments will probably keep the price of gold up," Mr. Virata added.

Mr Virata also disclosed that approval to start work again on the Philippines' first nuclear power plant, suspended last year pending an inquiry into safety factors, is expected in the near future.

Mr. Virata said he had begun discussions with American Export-Import Bank officials on the possibility of raising more money for the project, to offset the effects of inflation and other factors such as safety features that added to the original \$188.7 billion estimated cost.

"I think the possibility of us not going ahead with the plant here is practically all because we have clearance as far as the site is concerned from the commission that studied it, the consultative experts and because I think the resolution of the safety question by the ILO regulatory commission will be forthcoming," he said.

Work was suspended last year on the plant, designed to produce more than 600 megawatts of power, amid fears about the safety of the design, after the accident at the Three Mile nuclear plant in the United States.

The plant at Bataan, West of Manila, is being provided by the American Woolfing & Spinning Corporation, and equipment reports from the US were held up by the regulatory commission pending its own safety inquiries.

# PHILIPPINE AIRLINES

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## Introduction

PHILIPPINE AIRLINES, Inc. (PAL), Asia's oldest commercial carrier, has embarked on an ambitious program designed to take a larger share of international traffic and improve its image both locally and overseas.

"We want to be the best by the end of 1960," its president, Jose Cruz, says. Mr. Cruz says in an interview.

He claims that in the past six months, under his new guidelines, PAL's changes have already taken place, helped by working of the institution and a tightening up of organization.

"There was a well known industry joke that our schedule was always late. I think that it has already become a proverb at least to our passengers."

Mr. Cruz, a former student of President Ferdinand Marcos in several fields in the past, took over the running of the airline shortly after the government bought the majority of its private shares in 1957.

He quickly came to the conclusion "If we don't modernize and expand we will remain uncompetitive and it is necessary to be competitive."

The problem was that major earnings averaged less than one per cent more than expenses in the 10 years up to 1959.

"Now we are trying to catch up with the competition with our equipment and orders for new fast efficient modern generation airplanes," he said.

The biggest problem remains domestic routes which consistently show losses in trying to serve remote corners of an archipelago with more than 7,000 islands, many settled by only a few people but all requiring service.

These routes are subsidized from the profit of the international operations, especially to the West Coast of the United States, the company's best route.

Mr. Cruz's program calls for regularizing all its international services by the end of the year to boost profitability and make more economical use of fuel.

"We want to make it the best airline in South-East Asia," Mr. Cruz said.

The program means acquiring four new Boeing 747s, four DC-8s, the wide-bodied Air France Airbus and two Boeing 720s.

It also includes some new gliders. The Air buses already here - are being promoted as "love buses," decorated with huge red lips on the nose. This extends a concept adopted in Manila for the capital's streamlined public buses to

the international airways in a publicity campaign projecting comfort and service.

The modernization program will cost the airline some US\$40 million plus an extra US\$12 million for new hangars, ground facilities, training centers, passenger service offices and in-flight canteen kitchens, paid by loans and new capital.

"We are going to serve high-density routes. This is what we are after. We are negotiating for more routes. This is the logic of expansion and modernization. We are getting bigger aircraft to carry more passengers for less expense per passenger," Mr. Cruz said.

Among new routes expected to open up this year is one to London, extending a service that already goes to Rome, Frankfurt and Amsterdam. British Airways is also expected to start a service here from London in April.

PAL also wants to fly to Saudi Arabia, a four-day route since there are many Filipino contract workers there who must travel here and back on leave.

Tough negotiations have been going on with the United States where PAL already flies to Honolulu, San Francisco and Los Angeles.

The negotiations dragged down because the US has sought to open up Manila and through routes to all its airlines, which PAL considers would produce unfair competition, especially as it will gain this extra in return for its own single airline.

Expansion of services has already begun. Last year PAL became the first regional airline with a direct service to Cebu and Peking on a route shared with China's airline.

However, the three flights a week by each airline have been cut in two since the traffic has not built up as expected.

PAL also has opened flights to Rabat in the Middle East and to Athens.

By the end of the year PAL hopes to be flying to 22 cities in 17 countries from Australia - helped by new diamond schemes - throughout South-East Asia, to the US and several parts of Europe.

To make the airline more attractive, the Jumbos are being equipped with beds on some long routes. A business section is being introduced between the economy and first-class sections to give upgraded service for those travelling in bulk lots rather than groups and discount fares.

Mr Cruz - who this year chaired the International Air Transport Association (IATA) meeting in Manila - says many things still need to be done to improve the airline's profitability. Estimates are that total traffic will increase but not at the rate of previous years when fuel costs were lower.

He notes that in 1979 total revenues were almost 1.75 billion pesos (US\$320 million) while expenses were 1.74 billion pesos (US\$320 million) - a rather fine margin.

In 1979 rising fuel costs added US\$25 million to operating expenses and interest rate increases added about US\$2 million. Revenues were estimated to have gone up about 20 per cent.

To help the airline increased its capital last year to one billion pesos (US\$185 million) from 800 million pesos (US\$157 million), with the government - which owns over 50 per cent of the stock - putting in half the money to help pay for the improvements.

The firm emphasis is on the international sector since that's where most of the profits lie. But planning is under way to improve the profitability of the domestic sector.

"The next step is what type of fleet to adopt for the domestic sector. We have not yet decided, though we expect to do so soon," Mr Cruz said.

At present, ICA is about to be phased out. IATC 111s and Japanese YB 11 turbo-prop aircraft form the backbone.

"We still have a way to go. Not passenger liners yet as we are beginning to be viewed among the best. By the end of 1980 we want to be the best," Mr Cruz declared.

Sumter

WORLD NEWS SERVICE (WNS) TOKYO, JAPAN, JACO CORPORATION

THE NEW YORK TIMES

THE NEW YORK TIMES (1984) 11/11/84 (11/11/84) 11/11/84

THE NEW YORK TIMES

MANILA, Feb 20

**PROGRESS** Ferdinand E. Marcos says the economic policies and local government practices of Japan and the multinational corporations pose only one growing threat to non-communist South-East Asia.

By the turn of the century, he predicts, the Association of South-East Asian nations could turn to socialism in response to the multinational methods.

The forecasts are included in a 13-page analysis titled "South-East Asia in the Year 2000" distributed under Mr. Marcos by the Philippine Information Ministry. He says the booklet is his way of speaking out on behalf of the Third World.

One of the obstacles to regional cooperation may well be Japan, because its economic expansionism in Asia and the Western Pacific Basin shows no sign of flagging, Mr. Marcos wrote.

He said some analysts characterize as "pure

and simple imperialism" current Japanese practices aimed at economic and technological domination of the region's developing countries.

He added: "It is precisely this trend and the strong likelihood that Japan will be a nuclear power by the year 2000 that makes the Japanese equation in Asia and the Western Pacific Basin so significant."

Although the prospect is disturbing, he said, it was not alarming because he believed the Japanese will not use their size or might for aggression or to protect overseas economic interests, but only for self defense.

The greatest fears appear centered on the way foreign investments will increase in ASEAN, a 19-year-old economic alliance of Indonesia, Malaysia, the Philippines, Singapore and Thailand. The fears seem to be in direct contrast to his mortal foe government's policies which provide incentives de-

signed to attract as much foreign investment as possible.

Unless safeguards are instituted, the national leadership in each individual ASEAN country may lose control of its respective political forces," Mr. Marcos wrote. He drew a picture of governments unable to solve problems of poverty and hunger and whose political decisions were totally dictated by foreign business.

With prospects brighter for further openings in China's vast market, Mr. Marcos predicts that investments from the United States and Western Europe will expand in ASEAN, turning the region into an ideal "export platform" for the multinational corporations.

He suggested that present development schemes adopted by ASEAN countries, such as industrial complementation programmes, were actually key concepts of the multinationals. He also carefully regulated

present policies of keeping wages down, maintaining highly attractive investment climates and total reliance on the West's free enterprise system would work against ASEAN, he said.

"Eventually, in contrast to much of the rest of the Third World in which there will be considerable advances in economic emancipation, the ASEAN region will be, in fact, propelled away from the rationale of the new international economic order by external forces too powerful for the leadership in each ASEAN country to manage," Mr. Marcos said.

To prevent this, Mr. Marcos recommends for ASEAN countries policy directions along the "basic needs" strategy, providing mankind's necessities through development - rather than primarily export-oriented production. His politically powerful wife Imelda is an advocate of the "basic needs" approach. - AP

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**PRESIDENT** Marcos has painted a grim picture of what the next 10 years may have in store for the Asian region which he says may have to turn to capitalism to ward off insupportable pressures from multinationals. His purpose in making such dire prophecies, contained in a 11-page booklet that his information ministry has just put out under his signature, is not clear. The Philippines' Asian pact work was bound to find his line of thought puzzling because none of the latter has much difficulty in making use of multinationals on terms which make sure that basic national interests are not compromised, even while assuring them reasonable freedom to make profits. As it happens, Mr Marcos himself has not been exactly backward in getting the multinationals into his country. As far as anyone knows, the Board of Investments in Manila is just as active as ever. If anything, stepping up efforts to draw more investors to support a massive programme of industrial development that Mr Marcos has adopted as his answer to the burdens thrown upon the Philippines' economy by a soaring energy bill.

It is a little odd that Mr Marcos should fear the loss of political control to multinationals at this point of time when most of the Third World, including the radicals of yesterday, has gained the confidence that vigorous leadership can safeguard national interests in their dealings with even the biggest of the international giants. Apart from the demonstration effect of the example set by Opec members in flooding the oil companies to their will by unilaterally rewriting contracts made inappropriate by post-1973 developments, the Third World is also encouraged by the fact that the world is becoming increasingly multi-polar. The significance of this was brought out sharply by the inability of the US to obtain the support of Japan, or of some West European allies, for sanctions against Iran when Mr Carter was pushing for them prior to the Afghan crisis. The prospect of Asian governments having to cave in to foreign capital is thus altogether fanciful.

Mr Marcos is on marginally firmer ground when he denounces Japan's expansionism, and the possibility of a working economic and technological domination over developing countries of South East Asia. Why does he assume, however, that Japan's powerful competitors, the US and the EEC, will allow it to have its way. The world today is not only politically but also economically multi-polar, and the fact that ASEAN initiated a dialogue with the US and the EEC at the same time that it began negotiations with Japan reflects its preference for balance in its external economic relations. In case Mr Marcos has overlooked it, one result of this multi-pronged approach will be dramatized when ASEAN and EEC foreign ministers meet in Kuala Lumpur in a few days to sign a pact.

Perhaps all Mr Marcos intends to achieve by airing given forebodings is to remind his own country and its Asian partners that sovereignty, whether political or economic, should never be taken for granted. This means that national leadership must be constantly on the alert to rebuff would-be encroachers. But whether this reminder needed to be phrased as melodramatically as the Philippines' President has done is a moot question.

## JAPANESE, WEST GERMAN FIRMS TO BUILD DIESEL PLANTS

Kuala Lumpur BUSINESS TIMES in English 28 Feb 80 p 20

[Text]

MANILA, Feb. 27

THE Philippines is to have its first two diesel engine plants operating within two years after reaching final agreement with Japanese and West German manufacturers, a Board of Investment (BOI) spokesman said here today.

The Board's Governor Edgardo Tordesillas told reporters that all conditions had been accepted by the two foreign manufacturers — Isuzu Motor Ltd of Japan and Maschinen-Fabrik Augsburg-Nurnberg AG (MAN) of West Germany.

The agreements climaxed about four years of negotiations to establish a diesel industry in the Philippines during which two British companies — Leyland and Perkins Engines Ltd — were also contenders.

The import of diesel engines from 50 hp will be banned once production starts, Mr Tordesillas said.

Isuzu Motors will manufacture engines ranging from 50 to 150 horsepower (hp) in a plant with an estimated annual capacity of 32,000 units. It is committed to export at least US\$40 million worth in the first five years.

MAN will manufacture 90 hp and above including engines for mining, construction and heavy long-distance

hauling. It has an estimated capacity of 10,000 units and an export commitment of about US\$17 million over five years.

The project costs, which do not include a foundry, are estimated to be US\$74 million for MAN and US\$40 million for Isuzu.

Meanwhile, Philippines Economic Minister, Gerardo Sicat, has forecast six per cent real growth for the Philippines economy in 1980 because of improving export prices.

In an interview with the *Business Day* newspaper, Mr Sicat said the economy is being hit by rising oil prices, but he did not foresee any major shifts in the government's economic goals and policies.

"I think the Philippines economy can sustain a six per cent growth in Gross National Product for 1980, perhaps even exceed it," he said.

This year's economic performance will be influenced by improving prices for traditional exports like copper, sugar, gold and wood products, continued growth in non-traditional manufactured exports, sufficiency in rice and other staples and a vigorous infrastructure and housing programme, Mr Sicat said. — Reuter



## OIL PROSPECTION TALKS, DRILLING PROGRAM

Kuala Lumpur: BUSINESS TIMES in English 18 Feb 80 p 1

[15-11]

MANILA Feb 19 THE Philippine government is still negotiating with Malaysia, Indonesia and China to get more oil supplies, said Energy Minister Geronimo E. Velasco, who was in Kuala Lumpur recently to discuss this issue.

"Negotiations are still under," he said over the weekend, adding his hope that an agreement would be reached soon.

Speaking on the Philippine 10-year (1980-1989) energy programme at a luncheon given by the Philippine Foreign Press Club here, Mr Velasco said the government would continue to prospect for oil and develop geothermal and hydro energy resources.

These programmes would involve about \$29 million and half of it would come from the private sector.

By the end of 1980, Mr Velasco said, oil's share of the total energy supply was projected to drop to 58 per cent, as hydro and

geothermal sources displace an incremental 3.4 percentage points in the existing 91.4 per cent oil fraction.

He added that this year, 60 oil wells would be drilled compared to 33 last year and only one in 1973.

On the closure of a well at Nido in Palawan, in the south, during the third week of January because of the entry of excessive water into the oil pipe, he said the Nido production had been cut down from 40,000 to 23,000 barrels daily since the end of January.

He gave an assurance, however, that the production cutdown had no relation to the reserves still underneath the Nido complex.

The Minister said experts from Pertamina, Indonesia's state oil company, who were called in following the shutdown, said water seeped into the oil pipe because of the fast outflow of oil. — Bernama

END

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